RENAISSANCERE HOLDINGS LTD
Form 10-Q
November 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
Q QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 001-14428
RENAISSANCERE HOLDINGS LTD.
(Exact Name Of Registrant As Specified In Its Charter)

Bermuda	98-014-1974
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda
(Address of Principal Executive Offices)
(441) 295-4513
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes Q No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes Q No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, as defined in Rule 12b-2 of the Act. Large accelerated filer Q, Accelerated filer o, Non-accelerated filer o, Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes o No Q

The number of Common Shares, par value US $1.00 per share, outstanding at November 4, 2013 was 44,413,413.

RENAISSANCERE HOLDINGS LTD.
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Balance Sheets
(in thousands of United States Dollars, except per share amounts)

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Fixed maturity investments trading, at fair value (Amortized cost $4,722,167 and $4,549,112 at September 30, 2013 and December 31, 2012, respectively)	$4,751,237	$4,660,168
Fixed maturity investments available for sale, at fair value (Amortized cost $34,091 and $71,445 at September 30, 2013 and December 31, 2012, respectively)	38,530	83,442
Short term investments, at fair value	925,329	821,163
Equity investments trading, at fair value	113,986	58,186
Other investments, at fair value	500,770	644,711
Investments in other ventures, under equity method	97,660	87,724
Total investments	6,427,512	6,355,394
Cash and cash equivalents	266,350	304,145
Premiums receivable	735,937	491,365
Prepaid reinsurance premiums	166,340	77,082
Reinsurance recoverable	149,201	192,512
Accrued investment income	26,887	33,478
Deferred acquisition costs	103,844	52,622
Receivable for investments sold	240,191	168,673
Other assets	113,159	110,777
Goodwill and other intangible assets	8,978	8,486
Assets of discontinued operations held for sale	115,556	134,094
Total assets	$8,353,955	$7,928,628
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	$1,683,709	$1,879,377
Unearned premiums	754,077	399,517
Debt	249,407	349,339
Reinsurance balances payable	358,988	290,419
Payable for investments purchased	407,788	278,787
Other liabilities	183,362	198,434
Liabilities of discontinued operations held for sale	56,275	57,440
Total liabilities	3,693,606	3,453,313
Commitments and Contingencies		
Redeemable noncontrolling interest	945,915	968,259
Shareholders' Equity		
Preference Shares: $1.00 par value – 16,000,000 shares issued and outstanding at September 30, 2013 (December 31, 2012 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 44,390,632 shares issued and outstanding at September 30, 2013 (December 31, 2012 – 45,542,203)	44,391	45,542
Accumulated other comprehensive income	4,566	13,622
Retained earnings	3,261,757	3,043,901

Total shareholders’ equity attributable to RenaissanceRe	3,710,714	3,503,065
Noncontrolling interest	3,720	3,991
Total shareholders’ equity	3,714,434	3,507,056
Total liabilities, noncontrolling interests and shareholders’ equity	$8,353,955	$7,928,628

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three and nine months ended September 30, 2013 and 2012
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenues				
Gross premiums written	$182,649	$136,359	$1,521,290	$1,467,846
Net premiums written	$127,241	$105,035	$1,123,163	$1,025,240
Decrease (increase) in unearned premiums	167,476	157,588	(265,302)	(239,536)
Net premiums earned	294,717	262,623	857,861	785,704
Net investment income	59,931	46,135	129,296	126,725
Net foreign exchange gains	488	3,187	170	3,468
Equity in earnings of other ventures	7,313	4,310	16,920	16,626
Other income (loss)	651	(1,053)	(2,186)	730
Net realized and unrealized gains (losses) on investments	28,472	75,297	(26,788)	150,982
Total other-than-temporary impairments	—	—	—	(395)
Portion recognized in other comprehensive income, before taxes	—	—	—	52
Net other-than-temporary impairments	—	—	—	(343)
Total revenues	391,572	390,499	975,273	1,083,892
Expenses				
Net claims and claim expenses incurred	60,928	73,215	192,141	138,318
Acquisition expenses	37,699	24,438	94,475	74,157
Operational expenses	44,672	42,356	133,447	126,055
Corporate expenses	4,307	3,796	30,318	12,567
Interest expense	4,298	5,891	13,632	17,325
Total expenses	151,904	149,696	464,013	368,422
Income from continuing operations before taxes	239,668	240,803	511,260	715,470
Income tax expense	(223)	(144)	(356)	(1,008)
Income from continuing operations	239,445	240,659	510,904	714,462
(Loss) income from discontinued operations	(9,779)	(166)	2,422	(25,505)
Net income	229,666	240,493	513,326	688,957
Net income attributable to noncontrolling interests	(44,331)	(51,083)	(96,953)	(138,348)
Net income attributable to RenaissanceRe	185,335	189,410	416,373	550,609
Dividends on preference shares	(5,595)	(8,750)	(19,353)	(26,250)
Net income available to RenaissanceRe common shareholders	$179,740	$180,660	$397,020	$524,359
Income from continuing operations available to RenaissanceRe common shareholders per common share – basic	$4.32	$3.67	$8.95	$10.89
(Loss) income from discontinued operations available to RenaissanceRe common shareholders per common share – basic	(0.23)	—	0.06	(0.51)
Net income available to RenaissanceRe common shareholders per common share – basic	$4.09	$3.67	$9.01	$10.38
	$4.23	$3.62	$8.79	$10.75

Income from continuing operations available to RenaissanceRe common shareholders per common share – diluted				
(Loss) income from discontinued operations available to RenaissanceRe common shareholders per common share – diluted	(0.22)	—	0.05	(0.51)
Net income available to RenaissanceRe common shareholders per common share – diluted	$4.01	$3.62	$8.84	$10.24
Dividends per common share	$0.28	$0.27	$0.84	$0.81

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three and nine months ended September 30, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Comprehensive income				
Net income	$229,666	$240,493	$513,326	$688,957
Change in net unrealized gains on investments	(343)	1,536	(9,056)	2,359
Portion of other-than-temporary impairments recognized in other comprehensive income	—	—	—	(52)
Comprehensive income	229,323	242,029	504,270	691,264
Net income attributable to noncontrolling interests	(44,331)	(51,083)	(96,953)	(138,348)
Comprehensive income attributable to noncontrolling interests	(44,331)	(51,083)	(96,953)	(138,348)
Comprehensive income attributable to RenaissanceRe	$184,992	$190,946	$407,317	$552,916
Disclosure regarding net unrealized gains				
Total realized and net unrealized holding gains (losses) on investments and net other-than-temporary impairments	$25	$2,293	$(1,508)	$4,822
Net realized gains on fixed maturity investments available for sale	(368)	(757)	(7,548)	(2,806)
Net other-than-temporary impairments recognized in earnings	—	—	—	343
Change in net unrealized gains on investments	$(343)	$1,536	$(9,056)	$2,359

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Nine months ended September 30, 2013	September 30, 2012
Preference shares		
Balance – January 1	$400,000	$550,000
Issuance of shares	275,000	—
Repurchase of shares	(275,000)	—
Balance – September 30	400,000	550,000
Common shares		
Balance – January 1	45,542	51,543
Repurchase of shares	(1,722)	(3,619)
Exercise of options and issuance of restricted stock awards	571	304
Balance – September 30	44,391	48,228
Additional paid-in capital		
Balance – January 1	—	—
Repurchase of shares	3,019	(19,423)
Offering expenses	(9,345)	—
Change in noncontrolling interests	622	7,176
Exercise of options and issuance of restricted stock awards	5,704	12,247
Balance – September 30	—	—
Accumulated other comprehensive income		
Balance – January 1	13,622	11,760
Change in net unrealized gains on investments	(9,056)	2,359
Portion of other-than-temporary impairments recognized in other comprehensive income	—	(52)
Balance – September 30	4,566	14,067
Retained earnings		
Balance – January 1	3,043,901	2,991,890
Net income	513,326	688,957
Net income attributable to noncontrolling interests	(96,953)	(138,348)
Repurchase of shares	(142,208)	(248,847)
Dividends on common shares	(36,956)	(40,741)
Dividends on preference shares	(19,353)	(26,250)
Balance – September 30	3,261,757	3,226,661
Noncontrolling interest	3,720	3,979
Total shareholders' equity	$3,714,434	$3,842,935

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Nine months ended September 30, 2013	September 30, 2012
Cash flows provided by operating activities		
Net income	$513,326	$688,957
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization, accretion and depreciation	42,423	45,303
Equity in undistributed earnings of other ventures	(12,048)	(12,309)
Net realized and unrealized losses (gains) on investments	26,806	(150,984)
Net other-than-temporary impairments	—	343
Net unrealized gains included in net investment income	(33,836)	(35,963)
Net unrealized losses included in other income (loss)	12,782	10,713
Change in:		
Premiums receivable	(244,572)	(229,362)
Prepaid reinsurance premiums	(89,258)	(131,070)
Reinsurance recoverable	43,311	194,539
Deferred acquisition costs	(51,222)	(39,501)
Reserve for claims and claim expenses	(195,668)	(209,674)
Unearned premiums	354,560	370,606
Reinsurance balances payable	68,569	99,253
Other	(49,375)	(65,185)
Net cash provided by operating activities	385,798	535,666
Cash flows used in investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	6,356,691	6,287,723
Purchases of fixed maturity investments trading	(6,449,697)	(6,886,239)
Proceeds from sales and maturities of fixed maturity investments available for sale	43,564	47,925
Net purchases of equity investments trading	(33,714)	—
Net (purchases) sales of short term investments	(118,126)	170,162
Net sales of other investments	198,101	41,262
Net purchases of investments in other ventures	(2,500)	—
Net purchases of other assets	(994)	(4,204)
Net cash used in investing activities	(6,675)	(343,371)
Cash flows used in financing activities		
Dividends paid – RenaissanceRe common shares	(36,956)	(40,741)
Dividends paid – preference shares	(19,353)	(26,250)
RenaissanceRe common share repurchases	(140,911)	(257,461)
Net repayment of debt	(100,847)	4,907
Redemption of 6.08% Series C preference shares	(125,000)	—
Redemption of 6.60% Series D preference shares	(150,000)	—
Issuance of 5.375% Series E preference shares, net of expenses	265,655	—
Net third party DaVinciRe share transactions	(116,628)	157,999
Third party investment in redeemable noncontrolling interest	13,000	—
Net cash used in financing activities	(411,040)	(161,546)
Effect of exchange rate changes on foreign currency cash	3,366	1,390
Net (decrease) increase in cash and cash equivalents	(28,551)	32,139

Net (increase) decrease in cash and cash equivalents of discontinued operations	(9,244)	12,169
Cash and cash equivalents, beginning of period	304,145	181,825
Cash and cash equivalents, end of period	$266,350	$226,133

See accompanying notes to the consolidated financial statements

7

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013
(unless otherwise noted, amounts in tables expressed in thousands of United States ("U.S.") dollars, except per share amounts and percentages) (Unaudited)

NOTE 1. ORGANIZATION

This report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

RenaissanceRe Holdings Ltd. ("RenaissanceRe") was formed under the laws of Bermuda on June 7, 1993. Together with its wholly owned and majority-owned subsidiaries and DaVinciRe (as defined below), which are collectively referred to herein as the "Company", RenaissanceRe provides reinsurance and insurance coverages and related services to a broad range of customers.

- Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), the Company's principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.
- The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. ("Top Layer Re"), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. ("DaVinci"). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of DaVinci's parent, DaVinciRe Holdings Ltd. ("DaVinciRe"), the results of DaVinci and DaVinciRe are consolidated in the Company's financial statements. Redeemable noncontrolling interest – DaVinciRe represents the interests of external parties with respect to the net income and shareholders' equity of DaVinciRe. Renaissance Underwriting Managers, Ltd. ("RUM"), a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.
- RenaissanceRe Syndicate 1458 ("Syndicate 1458") is the Company's Lloyd's syndicate. RenaissanceRe Corporate Capital (UK) Limited ("RenaissanceRe CCL"), a wholly owned subsidiary of RenaissanceRe, is Syndicate 1458's sole corporate member and RenaissanceRe Syndicate Management Ltd. ("RSML"), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458.
- RenaissanceRe Specialty Risks Ltd., formerly known as Glencoe Insurance Ltd. ("RenaissanceRe Specialty Risks"), is a Bermuda-domiciled excess and surplus lines insurance company that is currently eligible to do business on an excess and surplus lines basis in 49 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. RenaissanceRe Underwriting Managers U.S. LLC, a specialty reinsurance agency domiciled in Connecticut, provides specialty treaty reinsurance solutions on both a quota share and excess of loss basis; and writes business on behalf of RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), a Bermuda-domiciled reinsurer launched in June 2013 which operates subject to U.S. federal income tax, and RenaissanceRe Syndicate 1458.
- On August 30, 2013, the Company entered into a purchase agreement with a subsidiary of Munich-American Holding Corporation (together with applicable affiliates, "Munich") to sell its U.S.-based weather and weather-related energy risk management unit, which principally included RenRe Commodity Advisors LLC ("RRCA"), Renaissance Trading Ltd. ("Renaissance Trading") and RenRe Energy Advisors Ltd. (collectively referred to as "REAL"). REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions. On October 1, 2013, the Company closed the sale of REAL to Munich. The Company has classified the assets and liabilities associated with this transaction as held for sale. The financial results for these operations have been presented in the Company's consolidated financial statements as "discontinued operations" for all periods presented. Refer to "Note 3. Discontinued Operations", for more information.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to our significant accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2012, except as noted below.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (“GAAP”) for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Except as discussed in "Note 3. Discontinued Operations," and unless otherwise noted, the notes to the consolidated financial statements reflect the Company’s continuing operations.

Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company's business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and the Company's deferred tax valuation allowance.

DISCONTINUED OPERATIONS

The results of operations of substantially all of the Company’s U.S.-based insurance operations and REAL, its U.S.-based weather and weather-related energy risk management unit, each of which has been sold to a separate unaffiliated third party, are classified as held for sale and are reported as discontinued operations in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic Discontinued Operations. The consolidated financial statements and notes thereto are presented excluding the operations and cash flows of the discontinued operations from the continuing operations of the Company since the Company will not have any significant continuing involvement in the operations after the sale. The financial position and results of operations of discontinued operations are presented as single line items on the consolidated balance sheets and statements of operations, respectively. Certain prior year comparatives have been reclassified to conform to the current year presentation.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Disclosures About Offsetting Assets and Liabilities

In December 2011, the FASB issued Accounting Standard Update ("ASU") No. 2011-11, Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). The objective of ASU 2011-11 is to enhance disclosures by requiring improved information about financial instruments and derivative instruments in relation to netting arrangements. ASU 2011-11 became effective for interim and annual periods beginning on or after January 1, 2013, with retrospective presentation of the new disclosure required. The Company adopted ASU 2011-11 effective January 1, 2013; since this update is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

In January 2013, the FASB issued ASU No. 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities ("ASU 2013-01"). The guidance clarified that the disclosures in ASU 2011-11 would apply only to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending transactions, each to the extent that they met specific conditions provided in the initial accounting standard. ASU 2013-01 became effective for interim and annual periods beginning on or after January 1, 2013, with retrospective presentation of the new disclosure required. As this guidance is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"). ASU 2012-02 simplifies the guidance for testing the decline in the realizable value of indefinite-lived intangible assets other than goodwill. ASU 2012-02 allows an organization the option to first assess the qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is “more likely than not” that the asset is impaired. ASU 2012-02 became effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption was permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("ASU 2013-02"). The objective of ASU 2013-02 is to improve the reporting of classifications out of accumulated other comprehensive income by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional details about those amounts. ASU 2013-02 became effective for interim and annual reporting periods beginning after December 15, 2012. The Company prospectively adopted ASU 2013-02 effective January 1, 2013; since this update is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). The objective of ASU 2013-11 is to improve the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 seeks to reduce the diversity in practice by providing guidance on the presentation of unrecognized tax benefits to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. ASU 2013-11 is effective for annual and interim reporting periods beginning after December 15, 2013, with both early adoption and retrospective application permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

NOTE 3. DISCONTINUED OPERATIONS
REAL
On August 30, 2013, the Company entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, the Company closed the sale of REAL to Munich. The Company has classified the assets and liabilities associated with this transaction as held for sale and the financial results are reflected in the Company's consolidated financial statements as “discontinued operations.” Except as explicitly described as held for sale or as discontinued operations, and unless otherwise noted, all discussions and amounts presented herein relate to the Company's continuing operations. All prior periods presented have been reclassified to conform to this form of presentation.
Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. The Company recorded a loss on sale of $8.8 million in conjunction with the sale, including related direct expenses to date.
Details of the assets, liabilities and shareholder's equity of discontinued operations held for sale related to REAL at September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013	December 31, 2012
Assets of discontinued operations held for sale		
Fixed maturity investments trading, at fair value		
(Amortized cost $Nil and $5,250 at September 30, 2013 and December 31, 2012, respectively)	$—	$5,253
Cash and cash equivalents	30,457	21,213
Other assets	85,099	107,628
Total assets of discontinued operations held for sale	$115,556	$134,094
Liabilities of discontinued operations held for sale		
Debt	$1,589	$2,436
Other liabilities	54,686	55,004
Total liabilities of discontinued operations held for sale	56,275	57,440
Shareholder's equity of discontinued operations held for sale		
Total shareholder's equity of discontinued operations held for sale	59,281	76,654
Total liabilities and shareholder's equity of discontinued operations held for sale	$115,556	$134,094

Details of the (loss) income from discontinued operations for the three and nine months ended September 30, 2013 and 2012 are as follows:

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenues				
Net investment (loss) income	$(3)	$(16)	$1,150	$2,543
Net foreign exchange (losses) gains	(140)	(186)	849	483
Other (loss) income	(1,001)	171	9,471	(29,416)
Net realized and unrealized (losses) gains on investments	(5)	6	(18)	2
Total revenues	(1,149)	(25)	11,452	(26,388)
Expenses				
Operational expenses	30	33	89	125
Corporate expenses	(2)	54	104	161
Total expenses	28	87	193	286
(Loss) income before taxes	(1,177)	(112)	11,259	(26,674)
Income tax benefit (expense)	168	—	(67)	3
(Loss) income from discontinued operations related to REAL	$(1,009)	$(112)	$11,192	$(26,671)
Loss on sale of REAL	(8,770)	—	(8,770)	—
(Loss) income from discontinued operations related to the former U.S.-based insurance operations	$—	$(54)	$—	$1,166
(Loss) income from discontinued operations	$(9,779)	$(166)	$2,422	$(25,505)

As detailed in the table above, (loss) income from discontinued operations presented in the consolidated statements of operations for the three and nine months ended September 30, 2012 includes a loss of $0.1 million and income of $1.2 million, respectively, related to our former U.S.-based insurance operations.

Renaissance Trading Margin Facility and Guarantees

Renaissance Trading, one of the entities acquired by Munich in the REAL transaction, maintains a brokerage facility with a leading prime broker, which has an associated margin facility of $20.0 million. This margin facility is supported by a $25.0 million guarantee issued by RenaissanceRe. Interest on amounts outstanding under this facility is at overnight LIBOR plus 200 basis points. At September 30, 2013, $1.6 million was outstanding under the facility and has been included in liabilities of discontinued operations held for sale.

At September 30, 2013, RenaissanceRe had provided guarantees in the aggregate amount of $318.8 million to certain counterparties of the weather and energy risk operations of Renaissance Trading. Although the margin facility and related guarantee issued by RenaissanceRe, along with the guarantees issued to certain counterparties of Renaissance Trading by RenaissanceRe, remained in effect at September 30, 2013, in conjunction with the purchase agreement of REAL, Munich has agreed, effective October 1, 2013, to indemnify RenaissanceRe against any liabilities, losses and damages that may arise as a result of any transaction between Renaissance Trading and a counterparty that has been provided a guarantee by RenaissanceRe.

NOTE 4. INVESTMENTS

Fixed Maturity Investments Trading

The following table summarizes the fair value of fixed maturity investments trading:

	September 30, 2013	December 31, 2012
U.S. treasuries	$1,322,367	$1,254,547
Agencies	197,047	315,154
Non-U.S. government (Sovereign debt)	353,810	133,198
Non-U.S. government-backed corporate	229,687	349,514
Corporate	1,684,413	1,607,233
Agency mortgage-backed	430,533	399,619
Non-agency mortgage-backed	231,351	230,747
Commercial mortgage-backed	291,284	361,645
Asset-backed	10,745	8,511
Total fixed maturity investments trading	$4,751,237	$4,660,168

Fixed Maturity Investments Available For Sale

The following table summarizes the amortized cost, fair value and related unrealized gains and losses and non-credit other-than-temporary impairments of fixed maturity investments available for sale:

		Included in Accumulated Other Comprehensive Income			
September 30, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Corporate	$2,413	$322	$(30)	$2,705	$(33)
Agency mortgage-backed	5,142	366	(17)	5,491	—
Non-agency mortgage-backed	12,315	2,504	(7)	14,812	(768)
Commercial mortgage-backed	10,469	1,050	—	11,519	—
Asset-backed	3,752	251	—	4,003	—
Total fixed maturity investments available for sale	$34,091	$4,493	$(54)	$38,530	$(801)

		Included in Accumulated Other Comprehensive Income			
December 31, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Corporate	$7,065	$1,002	$(93)	$7,974	$(85)
Agency mortgage-backed	8,280	632	—	8,912	—
Non-agency mortgage-backed	14,613	2,989	(10)	17,592	(835)
Commercial mortgage-backed	37,292	7,229	—	44,521	—
Asset-backed	4,195	248	—	4,443	—

Total fixed maturity investments available for sale	$71,445	$12,100	$(103)	$83,442	$(920)

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income since the adoption of guidance related to the recognition and presentation of other-than-temporary impairments under FASB ASC Topic Financial Instruments – Debt and Equity Securities, during the second quarter of 2009, adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

Contractual maturities of fixed maturity investments are as follows. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Trading		Available for Sale		Total Fixed Maturity Investments	
September 30, 2013	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$166,039	$166,583	$—	$—	$166,039	$166,583
Due after one through five years	2,863,742	2,876,147	1,359	1,497	2,865,101	2,877,644
Due after five through ten years	633,863	629,875	647	707	634,510	630,582
Due after ten years	109,894	114,719	406	501	110,300	115,220
Mortgage-backed	938,147	953,168	27,928	31,822	966,075	984,990
Asset-backed	10,482	10,745	3,751	4,003	14,233	14,748
Total	$4,722,167	$4,751,237	$34,091	$38,530	$4,756,258	$4,789,767

Equity Investments Trading

The following table summarizes the fair value of equity investments trading:

	September 30, 2013	December 31, 2012
Consumer	$39,338	$—
Industrial, utilities and energy	24,057	—
Financials	20,828	58,186
Health care	13,443	—
Basic materials	12,290	—
Communications and technology	4,030	—
Total	$113,986	$58,186

Pledged Investments

At September 30, 2013, $1,702.7 million of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company's principal letter of credit facility. Of this amount, $649.7 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities.

Reverse Repurchase Agreements

At September 30, 2013, the Company held $153.7 million (December 31, 2012 - $74.8 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company's consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum rate of 102% of the loan principal. Upon maturity, the Company receives principal and interest income.

Net Investment Income, Net Realized and Unrealized Gains on Investments and Net Other-Than-Temporary Impairments

The components of net investment income are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Fixed maturity investments	$24,423	$25,741	$71,148	$75,934
Short term investments	563	236	1,318	1,006
Equity investments	706	181	1,050	532
Other investments				
Hedge funds and private equity investments	14,179	10,383	31,296	28,443
Other	22,735	12,735	32,874	29,295
Cash and cash equivalents	47	63	108	143
	62,653	49,339	137,794	135,353
Investment expenses	(2,722)	(3,204)	(8,498)	(8,628)
Net investment income	$59,931	$46,135	$129,296	$126,725

Net realized and unrealized gains on investments and net other-than-temporary impairments are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Gross realized gains	$8,813	$19,891	$60,437	$75,635
Gross realized losses	(22,241)	(2,811)	(41,396)	(13,055)
Net realized (losses) gains on fixed maturity investments	(13,428)	17,080	19,041	62,580
Net unrealized gains (losses) on fixed maturity investments trading	33,405	56,936	(85,338)	83,735
Net realized and unrealized gains (losses) on investments-related derivatives	3,557	(955)	24,488	(2,390)
Net realized gains on equity investments trading	560	—	18,195	—
Net unrealized gains (losses) on equity investments trading	4,378	2,236	(3,174)	7,057
Net realized and unrealized gains (losses) on investments	$28,472	$75,297	$(26,788)	$150,982
Total other-than-temporary impairments	$—	$—	$—	$(395)
Portion recognized in other comprehensive income, before taxes	—	—	—	52
Net other-than-temporary impairments	$—	$—	$—	$(343)

The following table provides an analysis of the components of other comprehensive income and reclassifications out of accumulated other comprehensive income.

	Three months ended September 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$218	$4,691	$4,909
Other comprehensive (loss) income before reclassifications	(91)	116	25
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains (losses) on investments	—	(368)	(368)
Net current-period other comprehensive loss	(91)	(252)	(343)
Ending balance	$127	$4,439	$4,566

	Nine months ended September 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$1,625	$11,997	$13,622
Other comprehensive loss before reclassifications	(1,498)	(10)	(1,508)
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains (losses) on investments	—	(7,548)	(7,548)
Net current-period other comprehensive loss	(1,498)	(7,558)	(9,056)
Ending balance	$127	$4,439	$4,566

The following table provides an analysis of the length of time the Company's fixed maturity investments available for sale in an unrealized loss have been in a continual unrealized loss position.

	Less than 12 Months		12 Months or Greater		Total	
At September 30, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate	$297	$(22)	$41	$(8)	$338	$(30)
Agency mortgage-backed	754	(17)	—	—	754	(17)
Non-agency mortgage-backed	—	—	94	(7)	94	(7)
Total	$1,051	$(39)	$135	$(15)	$1,186	$(54)

	Less than 12 Months		12 Months or Greater		Total	
At December 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

Corporate	$598	$(30)	$440	$(63)	$1,038	$(93)
Non-agency mortgage-backed	—	—	101	(10)	101	(10)
Total	$598	$(30)	$541	$(73)	$1,139	$(103)

At September 30, 2013, the Company held 11 fixed maturity investments available for sale securities that were in an unrealized loss position (December 31, 2012 - 28), including five fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater (December 31, 2012 - 11). The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. The Company performed reviews of its fixed maturity investments available for sale for the nine months ended September 30, 2013 and 2012, respectively, in order to determine whether declines in the fair value below the amortized cost basis were considered other-than-temporary in accordance with the applicable guidance, as discussed below.

Other-Than-Temporary Impairment Process

The Company's process for assessing whether declines in the fair value of its fixed maturity investments available for sale represent impairments that are other-than-temporary includes reviewing each fixed maturity investment available for sale that is impaired and determining: (i) if the Company has the intent to sell the debt security or (ii) if it is more likely than not that the Company will be required to sell the debt security before its anticipated recovery; and (iii) whether a credit loss exists, that is, where the Company expects that the present value of the cash flows expected to be collected from the security are less than the amortized cost basis of the security.

In assessing the Company’s intent to sell securities, the Company’s procedures may include actions such as discussing planned sales with its third party investment managers, reviewing sales that have occurred shortly after the balance sheet date, and consideration of other qualitative factors that may be indicative of the Company’s intent to sell or hold the relevant securities. For the nine months ended September 30, 2013, the Company recognized $Nil other-than-temporary impairments due to the Company’s intent to sell these securities as of September 30, 2013 (2012 – $Nil).

In assessing whether it is more likely than not that the Company will be required to sell a security before its anticipated recovery, the Company considers various factors including its future cash flow forecasts and requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short term investments, fixed maturity investments trading and fixed maturity investments available for sale in an unrealized gain position, and other relevant factors. For the nine months ended September 30, 2013, the Company recognized $Nil of other-than-temporary impairments due to required sales (2012 – $Nil).

In evaluating credit losses, the Company considers a variety of factors in the assessment of a security including: (i) the time period during which there has been a significant decline below cost; (ii) the extent of the decline below cost and par; (iii) the potential for the security to recover in value; (iv) an analysis of the financial condition of the issuer; (v) the rating of the issuer; (vi) the implied rating of the issuer based on an analysis of option adjusted spreads; (vii) the absolute level of the option adjusted spread for the issuer; and (viii) an analysis of the collateral structure and credit support of the security, if applicable.

Once the Company determines that it is possible that a credit loss may exist for a security, the Company performs a detailed review of the cash flows expected to be collected from the issuer. The Company estimates expected cash flows by applying estimated default probabilities and recovery rates to the contractual cash flows of the issuer, with such default and recovery rates reflecting long-term historical averages adjusted to reflect current credit, economic and market conditions, giving due consideration to collateral and credit support, if applicable, and discounting the expected cash flows at the purchase yield on the security. In instances in which a determination is made that an impairment exists but the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before the anticipated recovery of its remaining amortized cost basis, the impairment is separated into: (i) the amount of the total other-than-temporary impairment related to the credit loss; and (ii) the amount of the total other-than-temporary impairment related to all other factors. The amount of the other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the other-than-temporary impairment related to all other factors is recognized in other comprehensive income. For the nine months ended September 30, 2013, the Company recognized $Nil of other-than-temporary impairments which were recognized in earnings and $Nil related to other factors which were recognized in other comprehensive income (2012 – $0.3 million and $52 thousand, respectively).

The following table provides a rollforward of the amount of other-than-temporary impairments related to credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in accumulated other comprehensive income:

	Three months ended September 30,	
	2013	2012
Beginning balance	$791	$1,404
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized	—	—
Amount related to credit loss for which an other-than-temporary impairment was previously recognized	—	—
Reductions:		
Securities sold during the period	(38)	(546)
Securities for which the amount previously recognized in other comprehensive income was recognized in earnings, because the Company intends to sell the security or is more likely than not the Company will be required to sell the security	—	—
Increases in cash flows expected to be collected that are recognized over the remaining life of the security	—	—
Ending balance	$753	$858

	Nine months ended September 30,	
	2013	2012
Beginning balance	$838	$2,370
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized	—	8
Amount related to credit loss for which an other-than-temporary impairment was previously recognized	—	110
Reductions:		
Securities sold during the period	(85)	(1,630)
Securities for which the amount previously recognized in other comprehensive income was recognized in earnings, because the Company intends to sell the security or is more likely than not the Company will be required to sell the security	—	—
Increases in cash flows expected to be collected that are recognized over the remaining life of the security	—	—
Ending balance	$753	$858

NOTE 5. FAIR VALUE MEASUREMENTS

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company's financial statements. Fair value is defined under accounting guidance currently applicable to the Company to be the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The Company recognizes the change in unrealized gains and losses arising from changes in fair value in its consolidated statements of operations, with the exception of changes in unrealized gains and losses on its fixed maturity investments available for sale, which are recognized as a component of accumulated other comprehensive income in shareholders' equity.

FASB ASC Topic Fair Value Measurements and Disclosures prescribes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuation techniques that use at least one significant input that is unobservable (Level 3). The three levels of the fair value hierarchy are described below:

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access. The fair value is determined by multiplying the quoted price by the quantity held by the Company;
- Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and
- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Company considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

There have been no material changes in the Company's valuation techniques, nor have there been any transfers between Level 1 and Level 2, or Level 2 and Level 3, respectively, during the periods represented by these consolidated financial statements.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis and also represents the carrying amount on the Company’s consolidated balance sheet:

At September 30, 2013	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$1,322,367	$1,322,367	$—	$—
Agencies	197,047	—	197,047	—
Non-U.S. government (Sovereign debt)	353,810	—	353,810	—
Non-U.S. government-backed corporate	229,687	—	229,687	—
Corporate	1,687,118	—	1,661,748	25,370
Agency mortgage-backed	436,024	—	436,024	—
Non-agency mortgage-backed	246,163	—	246,163	—
Commercial mortgage-backed	302,803	—	302,803	—
Asset-backed	14,748	—	14,748	—
Total fixed maturity investments	4,789,767	1,322,367	3,442,030	25,370
Short term investments	925,329	—	925,329	—
Equity investments trading	113,986	113,986	—	—
Other investments				
Private equity partnerships	327,245	—	—	327,245
Senior secured bank loan funds	19,395	—	—	19,395
Catastrophe bonds	102,141	—	102,141	—
Hedge funds	4,022	—	—	4,022
Miscellaneous other investment	47,967	—	—	47,967
Total other investments	500,770	—	102,141	398,629
Other assets and (liabilities)				
Derivatives (1)	3,159	127	3,314	(282)
Other	(8,801)	—	(8,801)	—
Total other assets and (liabilities)	(5,642)	127	(5,487)	(282)
	$6,324,210	$1,436,480	$4,464,013	$423,717

(1) See "Note 12. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

December 31, 2012	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$1,254,547	$1,254,547	$—	$—
Agencies	315,154	—	315,154	—
Non-U.S. government (Sovereign debt)	133,198	—	133,198	—
Non-U.S. government-backed corporate	349,514	—	349,514	—
Corporate	1,615,207	—	1,587,415	27,792
Agency mortgage-backed	408,531	—	408,531	—
Non-agency mortgage-backed	248,339	—	248,339	—
Commercial mortgage-backed	406,166	—	406,166	—
Asset-backed	12,954	—	12,954	—
Total fixed maturity investments	4,743,610	1,254,547	3,461,271	27,792
Short term investments	821,163	—	821,163	—
Equity investments trading	58,186	58,186	—	—
Other investments				
Private equity partnerships	344,669	—	—	344,669
Senior secured bank loan funds	202,929	—	172,334	30,595
Catastrophe bonds	91,310	—	91,310	—
Hedge funds	5,803	—	—	5,803
Total other investments	644,711	—	263,644	381,067
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts	2,647	—	—	2,647
Derivatives (1)	4,107	402	3,705	—
Other	7,315	—	(11,551)	18,866
Total other assets and (liabilities)	14,069	402	(7,846)	21,513
	$6,281,739	$1,313,135	$4,538,232	$430,372

(1) See "Note 12. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

Level 1 and Level 2 Assets and Liabilities Measured at Fair Value

Fixed Maturity Investments

Fixed maturity investments included in Level 1 consist of the Company's investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, non-U.S. government, non-U.S. government-backed corporate, corporate, agency mortgage-backed, non-agency mortgage-backed, commercial mortgage-backed and asset-backed. The Company’s fixed maturity investment portfolios are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as

benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index.
In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets.
The Company considers these Level 2 inputs as they are corroborated with other market observable inputs. The techniques generally used to determine the fair value of the Company's fixed maturity investments are detailed below by asset class.
U.S. treasuries
Level 1 - At September 30, 2013, the Company’s U.S. treasuries fixed maturity investments are primarily priced by pricing services and had a weighted average effective yield of 0.8% and a weighted average credit quality of AA (December 31, 2012 - 0.4% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.
Agencies
Level 2 - At September 30, 2013, the Company’s agency fixed maturity investments had a weighted average effective yield of 1.2% and a weighted average credit quality of AA (December 31, 2012 - 0.7% and AA, respectively). The issuers of the Company’s agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.
Non-U.S. government (Sovereign debt)
Level 2 - Non-U.S. government fixed maturity investments held by the Company at September 30, 2013 had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2012 - 1.9% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by pricing services who employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.
Non-U.S. government-backed corporate
Level 2 - Non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AAA at September 30, 2013 (December 31, 2012 - 0.7% and AAA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services who employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low,

the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At September 30, 2013, the Company’s corporate fixed maturity investments principally consist of U.S. and international corporations and had a weighted average effective yield of 2.9% and a weighted average credit quality of BBB (December 31, 2012 - 2.6% and A, respectively). The Company’s corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Agency mortgage-backed

Level 2 - At September 30, 2013, the Company’s agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.5%, a weighted average credit quality of AA and a weighted average life of 5.3 years (December 31, 2012 - 1.3%, AA and 3.3 years, respectively). The Company’s agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced ("TBA") market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

Non-agency mortgage-backed

Level 2 - The Company’s non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments classified as sub-prime held in its fixed maturity investments portfolio. At September 30, 2013, the Company’s non-agency prime residential mortgage-backed fixed maturity investments have a weighted average effective yield of 3.8%, a weighted average credit quality of BBB, and a weighted average life of 4.4 years (December 31, 2012 - 3.6%, BBB and 4.5 years, respectively). The Company’s non-agency Alt-A fixed maturity investments held at September 30, 2013 have a weighted average effective yield of 5.1%, a weighted average credit quality of BBB and a weighted average life of 4.2 years (December 31, 2012 - 5.2%, non-investment grade and 4.7 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread (”OAS”) model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

Commercial mortgage-backed

Level 2 - The Company’s commercial mortgage-backed fixed maturity investments held at September 30, 2013 have a weighted average effective yield of 2.1%, a weighted average credit quality of AA, and a weighted average life of 3.4 years (December 31, 2012 - 1.7%, AA and 3.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bid and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At September 30, 2013, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 1.8%, a weighted average credit quality of AAA and a weighted average life of 3.4 years (December 31, 2012 - 1.8%, AAA and 3.5 years, respectively). The underlying collateral for the Company's asset-backed fixed maturity investments primarily consists of student loans, credit card receivables, auto loans and other receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

Short Term Investments

Level 2 - The fair value of the Company's portfolio of short term investments is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company's fixed maturity investments noted above.

Equity Investments, Classified as Trading

Level 1 - The fair value of the Company's portfolio of equity investments, classified as trading is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. When pricing these securities, the pricing services utilize daily data from many real time market sources, including applicable securities exchanges. All data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source was used for each security.

Other investments

Catastrophe bonds

Level 2 - The Company's other investments include investments in catastrophe bonds which are recorded at fair value based on broker or underwriter bid indications.

Other assets and liabilities

Derivatives

Level 1 and Level 2 - Other assets and liabilities include certain other derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded foreign currency forward contracts which are considered Level 1, and certain credit derivatives, determined using standard industry valuation models and considered Level 2, as the inputs to the valuation model are based on observable market inputs, including credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term.

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at September 30, 2013 of $8.8 million are principally cash settled restricted stock units ("CSRSU") that form part of the Company's compensation program. The fair value of the Company's CSRSUs is determined using observable exchange traded prices for the Company's common shares.

Level 3 Assets and Liabilities Measured at Fair Value
Below is a summary of quantitative information regarding the significant observable and unobservable inputs (Level 3) used in determining the fair value of assets and liabilities measured at fair value on a recurring basis:

At September 30, 2013	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Fixed maturity investments						
Corporate	$15,116	Discounted cash flow ("DCF")	Credit spread (U)	n/a	n/a	4.5 %
			Liquidity discount (U)	n/a	n/a	1.0 %
			Risk-free rate (O)	n/a	n/a	0.6 %
			Dividend rate (O)	n/a	n/a	5.9 %
Corporate	10,254	Internal valuation model	Private transaction (U)	n/a	n/a	See below
Total fixed maturity investments	25,370					
Other investments						
Private equity partnerships	327,245	Net asset valuation	Estimated performance (U)	(9.9)%	30.0 %	4.2 %
Senior secured bank loan funds	19,395	Net asset valuation	Estimated performance (U)	0.2 %	0.9 %	0.4 %
Hedge funds	4,022	Net asset valuation	Estimated performance (U)	0.0 %	0.0 %	0.0 %
Miscellaneous other investment	47,967	Internal valuation model	Estimated performance (U)	n/a	n/a	1.1 %
			Book value multiple (U)	n/a	n/a	1.69
			Liquidity discount (U)	n/a	n/a	11.0 %
Total other investments	398,629					
Other assets and (liabilities)						
Other	(282)	Internal valuation model	See below	n/a	n/a	See below
Total other assets and (liabilities)	(282)					
	$423,717					

Fixed Maturity Investments
Corporate

Level 3 - Included in the Company's corporate fixed maturity investments is an investment with a fair value of $15.1 million in the preferred equity of a property and casualty insurance group organized to market residential property insurance in North America. The Company measures the fair value of this investment using a DCF model and seeks to incorporate all relevant information reasonably available. The Company considers the contractual agreement which stipulates the methodology for calculating a dividend rate to be paid upon liquidation, conversion or redemption. At September 30, 2013, the dividend rate was 5.9%. In addition, the Company has estimated an illiquidity premium of 1.0%, a risk-free rate of 0.6% and a credit spread of 4.5%. To ensure the estimate for fair value determined using the DCF model is reasonable, the Company reviews private market comparables of similar investments, if available, and in particular, credit ratings of other private market comparables for similar investments to determine the appropriateness of its estimate of fair value using a DCF model. The fair value of the Company's investment in corporate fixed maturity investments determined by a DCF model is positively correlated to the dividend rate, and inversely correlated to the credit spread, illiquidity premium and the risk-free rate.

In addition, the Company's corporate fixed maturity investments include an investment with a fair value of $10.3 million at September 30, 2013 in the preferred equity of a company that provides insurance for a variety of veterinarian costs, including surgeries, medication and diagnostic testing. The Company measures the fair value of this investment using an internal valuation model and uses a combination of quantitative and qualitative factors, which may include, but are not limited to, discounted cash flow analysis, financial statement analysis, budgets and forecasts, capital transactions and third party valuations. In circumstances where a private market transaction has recently occurred, the Company will evaluate the comparability of that transaction and incorporate it into its internal valuation model accordingly. Recent private market transactions of investments similar to that held by the Company have been used to determine the fair value of $10.3 million at September 30, 2013, as the Company believes the recent market transactions represent the price that would be received upon the sale of the Company's investment in an orderly transaction among market participants. Consequently, should future relevant private market transactions occur, the Company will re-evaluate the information available used to determine fair value of this investment and record any adjustments to fair value in its consolidated statements of operations.

Other investments

Private equity partnerships

Level 3 - Included in the Company’s $327.2 million of investments in private equity partnerships at September 30, 2013 are alternative asset limited partnerships (or similar corporate structures) that invest in certain private equity asset classes including U.S. and global leveraged buyouts; mezzanine investments; distressed securities; real estate; and oil, gas and power. The fair value of private equity partnership investments is based on current estimated net asset values established in accordance with the governing documents of such investments and is obtained from the investment manager or general partner of the respective entity. The type of underlying investments held by the investee which form the basis of the net asset valuation include assets such as private business ventures, for which the Company does not have access to financial information. As a result, the Company is unable to corroborate the fair value measurement of the underlying investments of the private equity partnership and therefore requires significant management judgment to determine the fair value of the private equity partnership. In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, the Company estimates the fair value of these funds by starting with the prior quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all relevant information reasonably available to the Company is utilized. This principally includes preliminary estimates reported to the Company by its fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to the Company with respect to the underlying investments, reviewing various indices for similar investments or asset classes, as well as estimating returns based on the results of similar types of investments for which the Company has obtained reported results, or other valuation methods, where possible. The range of such current estimated periodic returns for the three months ended September 30, 2013 was negative 9.9% to positive 30.0% with a weighted average of positive 4.2%. The fair value of the Company's investment in private equity partnerships is positively correlated to the estimated periodic rate of return. The Company also considers factors such as recent financial information, the value of capital transactions with the partnership and management’s judgment regarding whether any adjustments should be made to the net asset value. For each respective private equity partnership, the Company obtains and reviews the valuation methodology used by the investment manager or general partner and the latest audited annual financial statements to ensure that the investment partnership is following fair value principles consistent with GAAP in determining the net asset value of each limited partner's interest.

Senior secured bank loan funds

Level 3 - The Company has $19.4 million invested in closed end funds which invest primarily in loans. The Company has no right to redeem its investment in these funds. The Company’s investments in these funds are valued using estimated monthly net asset valuations received from the investment manager. The lock up provisions in these funds result in a lack of current observable market transactions between the fund participants and the funds, and therefore the Company considers the fair value of its investment in these funds to be determined using Level 3 inputs. The Company obtains and reviews the latest audited annual

financial statements to attempt to ensure that these funds are following fair value principles consistent with GAAP in determining the net asset value.

Hedge funds

Level 3 - The Company has $4.0 million of hedge fund investments that are invested in so called "side pockets" or illiquid investments. In these instances, the Company generally does not have the right to redeem its interest, and as such, the Company classifies this portion of its investment as Level 3. The fair value of these illiquid investments is determined by adjusting the previous periods' reported net asset value (generally one month in arrears) for an estimated periodic rate of return obtained from the respective investment manager.

For each respective hedge fund investment, the Company obtains and reviews the valuation methodology used by the investment manager and the latest audited annual financial statements to ensure that the hedge fund investment is following fair value principles consistent with GAAP in determining the net asset value.

Miscellaneous other investment

Level 3 - At September 30, 2013, the Company has an investment of $48.0 million in the common equity of Essent Group Ltd. ("Essent"), a private U.S. mortgage guaranty insurance company which provides capital to lenders and investors that support financing for homeowner mortgages. The fair value of Essent is based in part on the net asset position of Essent, as provided by Essent's management, which incorporates both actual and expected results for the current period, and is also based on a multiple of Essent’s net asset position, subject to a liquidity discount. In estimating the fair value of Essent, the Company also considered various other factors such as recent financial information, the value of capital transactions with Essent, the valuation of Essent's competitors, budgets and future projections about Essent’s financial performance. During the third quarter of 2013, Essent's management filed details of its planned initial public offering of Essent’s common equity and the Company utilized information available to it as part of the proposed initial public offering to estimate the fair value of Essent at September 30, 2013. The Company subsequently applied a net asset position multiple of 1.69 at September 30, 2013, and an estimated liquidity discount of 11.0% to reflect, among other things, the fact that Essent was a private company at September 30, 2013. The fair value of the Company's investment in Essent is positively correlated to the net asset position and net asset position multiple and negatively correlated to the liquidity discount.

On October 31, 2013, Essent began publicly trading on the New York Stock Exchange ("NYSE"). Using the closing share price of Essent's common stock on November 4, 2013, the value of the Company's 5.0 million common shares of Essent is $110.8 million, excluding any discount that may be applied due to the Company's lock up provision, noted below. Following the initial public offering, the Company expects its investment in Essent will be included in its portfolio of equity investments trading on its consolidated balance sheet and any realized and unrealized gains or losses related to Essent from the initial public offering price will be included in net realized and unrealized gains (losses) on investments on the Company's consolidated statements of operations in the period in which they occur. The Company has agreed, subject to certain exceptions, not to dispose of or hedge any of the shares of Essent it holds prior to April 28, 2014.

Other assets and liabilities
Other
Level 3 - The fair value of the Company's $0.3 million other liability is obtained through the use of an internal valuation model with the inputs to the internal valuation model based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, an increase (decrease) in the potential payment would result in a decrease (increase) to the fair value of the Company's other item.
Below is a reconciliation of the beginning and ending balances, for the periods shown, of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs. Interest and dividend income are included in net investment income and are excluded from the reconciliation.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - July 1, 2013	$25,681	$393,704	$625	$420,010
Total unrealized gains (losses)				
Included in net investment income	(311)	20,480	—	20,169
Included in other income (loss)	—	—	(625)	(625)
Total realized gains				
Included in other income (loss)	—	—	281	281
Total foreign exchange gains	—	1,218	—	1,218
Purchases	—	6,056	(563)	5,493
Settlements	—	(22,829)	—	(22,829)
Balance - September 30, 2013	$25,370	$398,629	$(282)	$423,717
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(311)	$20,480	$—	$20,169
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(625)	$(625)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2013	$27,792	$381,067	$21,513	$430,372
Total unrealized gains (losses)				
Included in net investment income	78	31,123	—	31,201
Included in other income (loss)	—	—	(625)	(625)
Total realized losses				
Included in other income (loss)	—	—	(2,365)	(2,365)
Total foreign exchange gains	—	801	—	801
Purchases	—	35,252	(563)	34,689
Settlements	(2,500)	(67,856)	—	(70,356)
Reclassified from other assets to other investments	—	18,242	(18,242)	—
Balance - September 30, 2013	$25,370	$398,629	$(282)	$423,717
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$78	$29,913	$—	$29,991
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(625)	$(625)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - July 1, 2012	$27,775	$390,505	$25,104	$443,384
Total unrealized gains (losses)				
Included in net investment income	(22)	7,961	—	7,939
Included in other income (loss)	—	—	(310)	(310)
Total realized gains				
Included in other income (loss)	—	—	(3,744)	(3,744)
Total foreign exchange gains	—	682	—	682
Purchases	—	10,589	4,164	14,753
Sales	—	(899)	—	(899)
Settlements	—	(15,966)	—	(15,966)
Balance - September 30, 2012	$27,753	$392,872	$25,214	$445,839
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(22)	$7,961	$—	$7,939
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(310)	$(310)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2012	$27,761	$396,526	$19,628	$443,915
Total unrealized gains (losses)				
Included in net investment income	(8)	24,055	—	24,047
Included in other income (loss)	—	—	(2,823)	(2,823)
Total realized losses				
Included in other income (loss)	—	—	(8,878)	(8,878)
Total foreign exchange gains	—	18	—	18
Purchases	—	29,234	17,287	46,521
Sales	—	(899)	—	(899)
Settlements	—	(56,062)	—	(56,062)
Balance - September 30, 2012	$27,753	$392,872	$25,214	$445,839
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(8)	$24,055	$—	$24,047
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(2,823)	$(2,823)

Financial Instruments Disclosed, But Not Carried, at Fair Value

The Company uses various financial instruments in the normal course of its business. The Company's insurance contracts are excluded from fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash, accrued interest, receivables for investments sold, certain other assets, payables for investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.

Senior Notes

In March 2010, RenRe North America Holdings Inc. (“RRNAH”) issued $250.0 million of 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15 of each year. At September 30, 2013, the fair value of the 5.75% Senior Notes was $273.3 million (December 31, 2012 - $281.2 million).

The fair value of RRNAH’s 5.75% Senior Notes is determined using indicative market pricing obtained from third-party service providers, which the Company considers Level 2 in the fair value hierarchy. There have been no changes during the period in the Company's valuation technique used to determine the fair value of its Senior Notes.

The Fair Value Option for Financial Assets and Financial Liabilities

The Company has elected to account for certain assets and liabilities at fair value using the guidance under FASB ASC Topic Financial Instruments as the Company believes it represents the most meaningful measurement basis for these assets and liabilities. Below is a summary of the balances the Company has elected to account for at fair value:

	September 30, 2013	December 31, 2012
Other investments	$500,770	$644,711
Other (liabilities) assets	$—	$21,513

Included in net investment income for the three and nine months ended September 30, 2013 was net unrealized gains of $22.9 million and $32.6 million, respectively, related to the changes in fair value of other investments (2012 – gains of $14.0 million and $33.5 million, respectively). Net unrealized gains related to the changes in the fair value of other assets and liabilities recorded in other income (loss) were $Nil and $Nil for the three and nine months ended September 30, 2013, respectively (2012 – net unrealized losses of $0.3 million and $2.8 million, respectively).
Measuring the Fair Value of Other Investments Using Net Asset Valuations
The table below shows the Company's portfolio of other investments measured using net asset valuations:

At September 30, 2013	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	$327,245	$70,130	See below	See below	See below
Senior secured bank loan funds	19,395	21,305	See below	See below	See below
Hedge funds	4,022	—	See below	See below	See below
Total other investments measured using net asset valuations	$350,662	$91,435			

Private equity partnerships – Included in the Company's investments in private equity partnerships are alternative asset limited partnerships (or similar corporate structures) that invest in certain private equity asset classes including U.S. and global leveraged buyouts; mezzanine investments; distressed securities; real estate; and oil, gas and power. The fair values of the investments in this category have been estimated using the net asset value of the investments, as discussed in detail above. The Company generally has no right to redeem its interest in any of these private equity partnerships in advance of dissolution of the applicable private equity partnership. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equity partnership. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 7 to 10 years from inception of the respective limited partnership.
Senior secured bank loan funds – The Company has $19.4 million invested in closed end funds which invest primarily in loans. The Company has no right to redeem its investment in these funds. The Company's investments in these funds are valued using estimated monthly net asset valuations received from the investment manager, as discussed in detail above. It is estimated that the majority of the underlying assets in the closed end funds would liquidate over 4 to 5 years from inception of the respective fund.
Hedge funds – The Company invests in hedge funds that pursue multiple strategies. The fair values of the investments in this category are estimated using the net asset value per share of the funds, as discussed in detail above. The Company's investments in hedge funds at September 30, 2013 are $4.0 million of so called "side pocket" investments which are not redeemable at the option of the shareholder. The Company fully redeemed the remaining non-side pocket investments in hedge funds during June 2012. The Company has retained its interest in the side pocket investments, referred to above, until the underlying investments attributable to such side pockets are liquidated, realized or deemed realized at the discretion of the fund manager.
NOTE 6. CEDED REINSURANCE
The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. In addition to loss recoveries, certain of the Company's ceded reinsurance contracts provide for recoveries of additional premiums, reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to other reinsurance contracts. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following tables set forth the effect of reinsurance and retrocessional activity on premiums written and earned and on net claims and claim expenses incurred:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Premiums written				
Direct	$12,198	$7,193	$38,848	$27,392
Assumed	170,451	129,166	1,482,442	1,440,454
Ceded	(55,408)	(31,324)	(398,127)	(442,606)
Net premiums written	$127,241	$105,035	$1,123,163	$1,025,240
Premiums earned				
Direct	$11,395	$8,844	$32,057	$24,581
Assumed	387,194	373,753	1,134,673	1,072,659
Ceded	(103,872)	(119,974)	(308,869)	(311,536)
Net premiums earned	$294,717	$262,623	$857,861	$785,704
Claims and claim expenses				
Gross claims and claim expenses incurred	$66,712	$83,189	$217,705	$168,572
Claims and claim expenses recovered	(5,784)	(9,974)	(25,564)	(30,254)
Net claims and claim expenses incurred	$60,928	$73,215	$192,141	$138,318

NOTE 7. NONCONTROLLING INTERESTS

Redeemable Noncontrolling Interest – DaVinciRe

In October 2001, the Company formed DaVinciRe and DaVinci with other equity investors. RenaissanceRe owns a noncontrolling economic interest in DaVinciRe; however, because RenaissanceRe controls a majority of DaVinciRe’s outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of the Company. The portion of DaVinciRe’s earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interests. The Company's ownership in DaVinciRe was 32.9% at September 30, 2013 (December 31, 2012 - 30.8%).

DaVinciRe shareholders are party to a shareholders agreement (the “Shareholders Agreement”) which provides DaVinciRe shareholders, excluding RenaissanceRe, with certain redemption rights that enable each shareholder to notify DaVinciRe of such shareholder’s desire for DaVinciRe to repurchase up to half of such shareholder’s initial aggregate number of shares held, subject to certain limitations, such as limiting the aggregate of all share repurchase requests to 25% of DaVinciRe’s capital in any given year and satisfying all applicable regulatory requirements. If total shareholder requests exceed 25% of DaVinciRe’s capital, the number of shares repurchased will be reduced among the requesting shareholders pro-rata, based on the amounts desired to be repurchased. Shareholders desiring to have DaVinci repurchase their shares must notify DaVinciRe before March 1 of each year. The repurchase price will be based on GAAP book value as of the end of the year in which the shareholder notice is given, and the repurchase will be effective as of such date. Payment will be made by April 1 of the following year, following delivery of the audited financial statements for the year in which the repurchase was effective. The repurchase price is subject to a true-up for development on outstanding loss reserves after settlement of all claims relating to the applicable years.

Effective January 1, 2012, an existing third party shareholder sold a portion of its shares in DaVinciRe to a new third party shareholder. In connection with the sale by the existing third party shareholder, DaVinciRe retained a $4.9 million holdback. In addition, effective January 1, 2012, the Company sold a portion of its shares of DaVinciRe to a separate new third party shareholder. The Company sold these shares for $98.9 million, net of a $10.0 million reserve holdback due from DaVinciRe. The Company's ownership in

DaVinciRe was 42.8% at December 31, 2011 and subsequent to the above transactions, its ownership interest in DaVinciRe decreased to 34.7% effective January 1, 2012.

Certain third party shareholders of DaVinciRe submitted repurchase notices on or before the required annual redemption notice date of March 1, 2012, in accordance with the Shareholders Agreement. The repurchase notices submitted on or before March 1, 2012, were for shares of DaVinciRe with a GAAP book value of $53.2 million at December 31, 2012.

On June 1, 2012, DaVinciRe completed an equity raise of $49.3 million from a new third party investor. In addition, the Company and an existing third party investor each sold $24.7 million in common shares of DaVinciRe to another existing third party investor, for a total of $49.4 million. In connection with the sale by the Company and the existing third party investor, DaVinciRe retained a $5.0 million holdback. As a result of the above transactions, the Company's ownership in DaVinciRe decreased to 31.5% effective January 1, 2012.

On October 1, 2012, the Company sold a portion of its shares of DaVinciRe to a new third party shareholder for $9.8 million. The Company's ownership in DaVinciRe decreased to 30.8% effective January 1, 2012 as a result of this sale.

During January 2013, DaVinciRe redeemed shares from certain DaVinciRe shareholders (including those who submitted redemption notices in advance of the March 1, 2012 annual redemption notice date, as discussed above) while certain other DaVinciRe shareholders purchased additional shares in DaVinciRe. The net redemption as a result of these transactions was $150.0 million. In connection with the redemptions, DaVinciRe retained a $20.5 million holdback. The Company's ownership in DaVinciRe was 30.8% at December 31, 2012 and subsequent to the above transactions, the Company's ownership in DaVinciRe increased to 32.9% effective January 1, 2013.

Effective October 1, 2013, an existing third party shareholder sold a portion of its shares in DaVinciRe to a new third party shareholder. In addition, effective October 1, 2013, the Company sold a portion of its shares of DaVinciRe to the same new third party shareholder. The Company sold these shares for $77.4 million. The Company's ownership in DaVinciRe was 32.9% at September 30, 2013 and subsequent to the above transactions, its ownership interest in DaVinciRe decreased to 27.3% effective January 1, 2013. The Company expects its ownership in DaVinciRe to fluctuate over time.

The activity in redeemable noncontrolling interest – DaVinciRe is detailed in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Beginning balance	$889,116	$900,878	$968,259	$657,727
Redemption of shares from redeemable noncontrolling interest	(1,095)	—	(187,989)	—
Sale of shares to redeemable noncontrolling interests	583	(1,006)	55,510	155,163
Net income attributable to redeemable noncontrolling interest	43,868	50,950	96,692	137,932
Ending balance	$932,472	$950,822	$932,472	$950,822

Redeemable Noncontrolling Interest - RenaissanceRe Medici Fund Ltd. ("Medici")

Medici is an exempted fund incorporated under the laws of Bermuda and its objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. Prior to June 1, 2013, Medici was a wholly owned subsidiary of RenaissanceRe Fund Holdings Ltd. (“Fund Holdings”), which in turn is a wholly owned subsidiary of RenaissanceRe.

Effective June 1, 2013, third-party investors subscribed for $8.0 million of the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 92.2%.

Effective August 1, 2013 and September 1, 2013, third-party investors subscribed for $4.5 million and $0.5 million, respectively, of the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 88.0% at September 30, 2013.

Effective October 1, 2013, third-party investors subscribed for $16.5 million of the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 74.1% effective October 1, 2013.

Effective November 1, 2013, a third-party shareholder redeemed $1.3 million of the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership in Medici increasing to 81.3% effective November 1, 2013. The portion of Medici's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interest. The Company expects its ownership in Medici to fluctuate over time.

Any shareholder may redeem all or any portion of its shares as of the last day of any calendar month, upon at least 30 calendar days' prior irrevocable written notice to Medici. As the participating, non-voting common shares of Medici have redemption features which are outside the control of the issuer, the portion related to the redeemable noncontrolling interest in Medici is recorded in the mezzanine section of the consolidated balance sheets of the Company.

The activity in redeemable noncontrolling interest – Medici is detailed in the table below:

	Three months ended September 30, 2013	Nine months ended September 30, 2013
Beginning balance	$8,007	$—
Sale of shares to redeemable noncontrolling interests	5,000	13,000
Net income attributable to redeemable noncontrolling interest	436	443
Ending balance	$13,443	$13,443

Noncontrolling Interest - Angus Fund L.P. (the “Angus Fund”)

In December 2010, REAL and RRCA, both formerly wholly owned subsidiaries of the Company, formed the Angus Fund with other equity investors. As part of the agreement to sell REAL to Munich (see "Note 3. Discontinued Operations" for additional information), the former general partner of the Angus Fund, REAL, transferred its general partner ownership interest to RRV U.S. Holdings LLC, a wholly owned subsidiary of the Company, representing a $55 thousand investment in the Angus Fund, or a 1.1% ownership interest at September 30, 2013 (December 31, 2012 - $55 thousand and 1.1%, respectively), and RRCA, the former limited partner, transferred its limited partner ownership interest to RenTech U.S. Holdings LLC, a wholly owned subsidiary of the Company, representing a $2.0 million investment in the Angus Fund, or a 35.0% ownership interest at September 30, 2013 (December 31, 2012 - $2.0 million and 35.1%, respectively). There was no gain or loss recognized on the above transactions. The Angus Fund was formed to provide capital to and make investments in companies primarily in the heating oil and propane distribution industries. The Angus Fund meets the definition of a VIE, therefore the Company evaluated its ownership in the Angus Fund to determine if it is the primary beneficiary. The Company has concluded it is the primary beneficiary of the Angus Fund as it has the power to direct, and has a more than insignificant economic interest in, the activities of the Angus Fund and as such, the financial position and results of operations of the Angus Fund are consolidated. The portion of the Angus Fund's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interest. The Company expects its ownership in the Angus Fund to fluctuate over time.

The activity in noncontrolling interest – Angus Fund is detailed in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Beginning balance	$3,693	$3,911	$3,991	$3,340
Sale of shares by noncontrolling interest	—	—	—	300
Adjustment of ownership interest	—	—	139	—
Net income (loss) attributable to noncontrolling interest	27	133	(182)	416
Dividends on common shares	—	(65)	(228)	(77)
Ending balance	$3,720	$3,979	$3,720	$3,979

NOTE 8. VARIABLE INTEREST ENTITIES

Upsilon Reinsurance Ltd. ("Upsilon Re")

Effective January 1, 2012, the Company formed and launched a managed joint venture, Upsilon Re, a Bermuda domiciled special purpose insurer ("SPI"), to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market for the 2012 underwriting year. The original business was written by Renaissance Reinsurance of Europe ("ROE"), a wholly owned subsidiary of RenaissanceRe, and included $37.4 million of gross premiums written incepting between January 1, 2012 and June 1, 2012. A portion of this business was in turn ceded to Upsilon Re under a fully-collateralized retrocessional reinsurance contract, effective January 1, 2012. In conjunction with the formation and launch of Upsilon Re, $16.8 million of non-voting Class B shares were sold to external investors, and the Company invested $48.8 million in Upsilon Re's non-voting Class B shares, representing a 74.5% ownership interest in Upsilon Re. The Class B shareholders participate in substantially all of the profits or losses of Upsilon Re while the Class B shares remain outstanding. The holders of Class B shares indemnify Upsilon Re against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. In addition, another third party investor supplied $17.6 million of capital through a reinsurance participation (a third party quota share agreement) with ROE alongside Upsilon Re. Inclusive of the reinsurance participation, the Company had a 61.4% participation in the original risks assumed by ROE. Both Upsilon Re and the reinsurance participation were managed by RUM in return for an expense override. Through RUM, the Company was eligible to receive a potential underwriting profit commission in respect of Upsilon Re. Upsilon Re is considered a VIE and the Company is considered the primary beneficiary. As a result, Upsilon Re is consolidated by the Company and all significant inter-company transactions have been eliminated.

During the first nine months of 2013, Upsilon Re redeemed all of its outstanding third party non-voting Class B shares for $23.0 million as a result of the scheduled expiration of certain risks underwritten by Upsilon Re. Following these redemptions, no third-party non-voting Class B Shares remained outstanding. In addition, the Company has authorized the release of all collateral provided to a third party investor who participated in risks underwritten by ROE related to Upsilon Re through the reinsurance participation.

Timicuan Reinsurance III Limited ("Tim Re III")

Effective June 1, 2012, the Company formed and launched a managed joint venture, Tim Re III, a Bermuda domiciled SPI, to provide collateralized reinsurance in respect of a portfolio of Florida reinstatement premium protection ("RPP") contracts. The original business was written by Renaissance Reinsurance and DaVinci, and included $41.1 million of gross premiums written incepting June 1, 2012 and Renaissance Reinsurance and DaVinci ceded $37.7 million to Tim Re III under a fully-collateralized reinsurance contract. In conjunction with the formation and launch of Tim Re III, $44.8 million of non-voting Class B shares were sold to external investors. Additionally, $10.3 million of the non-voting Class B shares were acquired by the Company, representing an 18.6% ownership interest in Tim Re III. The Class B shareholders participate in substantially all of the profits or losses of Tim Re III while the Class B shares remain outstanding. The

holders of Class B shares indemnify Tim Re III against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. In addition, another third party investor supplied $5.2 million of capital through a reinsurance participation with Renaissance Reinsurance and DaVinci, alongside Tim Re III. Inclusive of the reinsurance participation, the Company had a 17.1% participation in the original risks assumed by Renaissance Reinsurance and DaVinci related to Tim Re III. Both Tim Re III and the reinsurance participation were managed by RUM. Through RUM, the Company was eligible to receive a potential underwriting profit commission in respect of Tim Re III. Tim Re III is considered a VIE and the Company is considered the primary beneficiary. As a result, Tim Re III is consolidated by the Company and all significant inter-company transactions have been eliminated.

During the first nine months of 2013, Tim Re III redeemed all of its outstanding third party non-voting Class B shares for $66.5 million as a result of the scheduled expiration of the risks underwritten by Tim Re III. Following these redemptions, no third-party non-voting Class B Shares remained outstanding. In addition, the Company has authorized the release of all the collateral provided to a third party investor who participated in risks underwritten by Renaissance Reinsurance and DaVinci related to Tim Re III through the reinsurance participation.

Upsilon Reinsurance II Ltd. ("Upsilon Re II")

Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon Re II, a Bermuda domiciled SPI, to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market for the 2013 underwriting year. Original business was written directly by Upsilon Re II and includes $53.5 million of gross premiums written incepting January 1, 2013 under fully-collateralized reinsurance contracts. In conjunction with the formation and launch of Upsilon Re II, $61.0 million of Upsilon Re II non-voting Class B shares were sold to external investors. Additionally, $76.4 million of the non-voting Class B shares were acquired by the Company, representing a 55.6% ownership interest in Upsilon Re II. The Class B shareholders participate in substantially all of the profits or losses of Upsilon Re II while the Class B shares remain outstanding. The holders of Class B shares indemnify Upsilon Re II against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. In addition, another third party investor supplied $17.5 million of capital through an insurance contract with the Company related to Upsilon Re II's reinsurance portfolio. Inclusive of the insurance contract, the Company has a 42.9% participation in the original risks assumed by Upsilon Re II. Both Upsilon Re II and the reinsurance participation are managed by RUM in return for an expense override. Through RUM, the Company is eligible to receive a potential underwriting profit commission in respect of Upsilon Re II. Upsilon Re II is considered a VIE and the Company is considered the primary beneficiary. As a result, Upsilon Re II is consolidated by the Company and all significant inter-company transactions have been eliminated.

On July 1, 2013, the Company sold a portion of its shares of Upsilon Re II to a new third party shareholder for $25.0 million. The Company's ownership in Upsilon Re II decreased to 25.8%, inclusive of the related insurance contract, effective July 1, 2013, as a result of this sale.

Upsilon Re, Tim Re III and Upsilon Re II are each considered VIEs as they each have insufficient equity capital to finance their activities without additional financial support. The Company is the primary beneficiary of each of Upsilon Re, Tim Re III and Upsilon Re II as it: (i) has the power over the activities that most significantly impact the economic performance of each of Upsilon Re, Tim Re III and Upsilon Re II and (ii) has the obligation to absorb the losses, and right to receive the benefits, in accordance with the accounting guidance, that could be significant to Upsilon Re, Tim Re III and Upsilon Re II, respectively. As a result, the Company consolidates Upsilon Re, Tim Re III and Upsilon Re II and all significant inter-company transactions have been eliminated. The Company has not provided financial or other support to any of Upsilon Re, Tim Re III and Upsilon Re II during the periods presented by these consolidated financial statements that was not contractually required to be provided.

Mona Lisa Re Ltd. ("Mona Lisa Re")

On March 14, 2013, Mona Lisa Re was licensed as a Bermuda domiciled SPI to provide reinsurance capacity to subsidiaries of RenaissanceRe, namely Renaissance Reinsurance and DaVinci, through reinsurance agreements which will be collateralized and funded by Mona Lisa Re through the issuance of one or more series of principal at-risk variable risk notes (the "Notes") to third-party investors. Mona Lisa Re has one issued and outstanding common share at par value $1.00 owned by a third-party trustee.

Upon issuance of the Notes by Mona Lisa Re, all of the proceeds from the issuance are deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance and DaVinci. Upon termination of the reinsurance agreements, any remaining outstanding principal amount will be returned to holders of the Notes. In addition, holders of the Notes will receive interest, payable quarterly on each of April 30, July 31, October 31 and January 31 as determined by the applicable governing documents of each series of Notes.

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. Therefore, the Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company.

The only transactions related to Mona Lisa Re that are recorded in the Company's consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Renaissance Reinsurance and DaVinci have together entered into a ceded reinsurance contract with Mona Lisa Re with gross premiums ceded of $7.9 million and $5.3 million, respectively, and $9.2 million and $6.5 million, respectively, during the three and nine months ended September 30, 2013.

NOTE 9. SHAREHOLDERS' EQUITY

The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of $0.28 per common share to shareholders of record on March 15, 2013, June 14, 2013 and September 13, 2013, respectively. During the nine months ended September 30, 2013, the Company declared and paid $19.4 million in preference share dividends (2012 – $26.3 million) and $37.0 million in common share dividends (2012 - $40.7 million).

During the nine months ended September 30, 2013, the Company repurchased 1.7 million shares in open market transactions, at an aggregate cost of $140.9 million, and at an average share price of $81.85. On August 8, 2013, the Company approved a renewal of its authorized share repurchase program for an aggregate amount of $500.0 million. At September 30, 2013, $489.2 million remained available for repurchase under the Board authorized share repurchase program. See "Part II, Item 2 - Unregistered Sales of Equity Securities and use of Proceeds" for additional information. The Company's share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. Unless terminated earlier by resolution of the Company's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company.

In March 2004, RenaissanceRe raised $250.0 million through the issuance of 10 million Series C Preference Shares at $25 per share; in December 2006, RenaissanceRe raised $300.0 million through the issuance of 12 million Series D Preference Shares at $25 per share; and in May 2013, RenaissanceRe raised $275.0 million through the issuance of 11 million Series E Preference Shares at $25 per share. On December 27, 2012, the Company redeemed 6 million Series D Preference Shares for $150.0 million plus accrued and unpaid dividends thereon. Following the redemption, 6 million Series D Preference Shares remained outstanding. The proceeds of the issuance of the Series E Preference Shares were used to redeem the remaining 6 million outstanding Series D Preference Shares and 5 million of the outstanding Series C Preference Shares, as discussed below.

The Series E Preference Shares and the remaining Series C Preference Shares may be redeemed at $25 per share plus certain dividends at RenaissanceRe's option on or after June 1, 2018 and March 23, 2009, respectively. Dividends on the Series C Preference Shares are cumulative from the date of original

issuance and are payable quarterly in arrears at 6.08% per annum, when, if, and as declared by the Board of Directors. Dividends on the Series E Preference Shares will be payable from the date of original issuance on a non-cumulative basis, only when, as and if declared by the Board of Directors, quarterly in arrears at 5.375% per annum. Unless certain dividend payments are made on the preference shares, RenaissanceRe will be restricted from paying any dividends on its common shares. The preference shares have no stated maturity and are not convertible into any other securities of RenaissanceRe. Generally, the preference shares have no voting rights. Whenever dividends payable on the preference shares are in arrears (whether or not such dividends have been earned or declared) in an amount equivalent to dividends for six full dividend periods (whether or not consecutive), the holders of the preference shares, voting as a single class regardless of class or series, will have the right to elect two directors to the Board of Directors of RenaissanceRe.

In May 2013, RenaissanceRe announced a mandatory redemption of the remaining 6 million of its outstanding Series D Preference Shares and on June 27, 2013 RenaissanceRe redeemed the remaining 6 million Series D Preference Shares called for redemption for $150.0 million million plus accrued and unpaid dividends thereon. Following the redemption, no Series D Preference Shares remain outstanding. In addition, in May 2013, RenaissanceRe announced a mandatory partial redemption of 5 million of its outstanding Series C Preference Shares. The partial redemption was allocated by random lottery in accordance with the Depository Trust Company's rules and procedures and on June 27, 2013 RenaissanceRe redeemed the 5 million Series C Preference Shares called for redemption for $125.0 million plus accrued and unpaid dividends thereon. Following the redemption, 5 million Series C Preference Shares remain outstanding.

NOTE 10. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of shares)	2013	2012	2013	2012
Numerator:				
Net income available to RenaissanceRe common shareholders	$179,740	$180,660	$397,020	$524,359
Amount allocated to participating common shareholders (1)	(2,539)	(2,787)	(5,740)	(8,395)
Net income allocated to RenaissanceRe common shareholders	$177,201	$177,873	$391,280	$515,964
Denominator:				
Denominator for basic income per RenaissanceRe common share - weighted average common shares	43,330	48,394	43,412	49,683
Per common share equivalents of employee stock options and restricted shares	805	725	835	687
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	44,135	49,119	44,247	50,370
Basic income per RenaissanceRe common share	$4.09	$3.67	$9.01	$10.38
Diluted income per RenaissanceRe common share	$4.01	$3.62	$8.84	$10.24

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company’s 2001 Stock Incentive Plan and Non-Employee Director Stock Incentive Plan.

NOTE 11. SEGMENT REPORTING

The Company currently has two reportable segments: Reinsurance and Lloyd's.

As of December 31, 2012, the Company undertook a review of its reportable segments and concluded that its former Insurance segment no longer met the quantitative thresholds defined in FASB ASC Topic Segment Reporting. These operations are not actively involved in pursuing business opportunities and are in run-off; therefore the Company determined these operations no longer require, nor warrant, separate disclosure as a reportable segment. As such, the results of operations of the former Insurance segment have been included in the Other category, and all prior periods presented herein have been reclassified to conform with the current year presentation.

The Company's Reinsurance operations are comprised of: (1) property catastrophe reinsurance, principally written through Renaissance Reinsurance and DaVinci; (2) specialty reinsurance, principally written through Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty Risks; and (3) certain property catastrophe and specialty joint ventures, as described herein. The Reinsurance segment is managed by the Company's Chief Executive Officer and President, who leads a team of underwriters, risk modelers and other industry professionals, who have access to the Company's proprietary risk management, underwriting and modeling resources and tools.

The Company's Lloyd's segment includes reinsurance and insurance business written through Syndicate 1458. Syndicate 1458 started writing certain lines of insurance and reinsurance business incepting on or after June 1, 2009. The syndicate was established to enhance the Company's underwriting platform by providing access to Lloyd's extensive distribution network and worldwide licenses and is managed by the Chief Underwriting Officer of European Operations. RenaissanceRe Corporate Capital (UK) Limited (“RenaissanceRe CCL”), an indirect wholly owned subsidiary of RenaissanceRe, is the sole corporate member of Syndicate 1458.

The financial results of the Company's strategic investments, former Insurance segment, discontinued operations related to REAL and current noncontrolling interests are included in the Other category of the Company's segment results. Also included in the Other category of the Company's segment results are the Company's investments in other ventures, investments unit, corporate expenses and capital servicing costs.

The Company does not manage its assets by segment; accordingly, net investment income and total assets are not allocated to the segments.

A summary of the significant components of the Company's revenues and expenses is as follows:

Three months ended September 30, 2013	Reinsurance	Lloyd’s	Other	Total
Gross premiums written	$142,695	$39,954	$—	$182,649
Net premiums written	$88,097	$39,014	$130	$127,241
Net premiums earned	$247,461	$47,150	$106	$294,717
Net claims and claim expenses incurred	34,417	28,175	(1,664)	60,928
Acquisition expenses	28,740	8,938	21	37,699
Operational expenses	31,876	12,559	237	44,672
Underwriting income	$152,428	$(2,522)	$1,512	151,418
Net investment income			59,931	59,931
Net foreign exchange gains			488	488
Equity in earnings of other ventures			7,313	7,313
Other income			651	651
Net realized and unrealized gains on investments			28,472	28,472
Corporate expenses			(4,307)	(4,307)
Interest expense			(4,298)	(4,298)
Income from continuing operations before taxes				239,668
Income tax expense			(223)	(223)
Loss from discontinued operations			(9,779)	(9,779)
Net income attributable to noncontrolling interests			(44,331)	(44,331)
Dividends on preference shares			(5,595)	(5,595)
Net income available to RenaissanceRe common shareholders				$179,740
Net claims and claim expenses incurred – current accident year	$43,268	$24,886	$—	$68,154
Net claims and claim expenses incurred – prior accident years	(8,851)	3,289	(1,664)	(7,226)
Net claims and claim expenses incurred – total	$34,417	$28,175	$(1,664)	$60,928
Net claims and claim expense ratio – current accident year	17.5%	52.8%	—%	23.1%
Net claims and claim expense ratio – prior accident years	(3.6)%	7.0%	(1,569.8)%	(2.4)%
Net claims and claim expense ratio – calendar year	13.9%	59.8%	(1,569.8)%	20.7%
Underwriting expense ratio	24.5%	45.5%	243.4%	27.9%
Combined ratio	38.4%	105.3%	(1,326.4)%	48.6%

Nine months ended September 30, 2013	Reinsurance	Lloyd’s	Other	Eliminations (1)	Total
Gross premiums written	$1,339,263	$183,015	$—	$ (988)	$1,521,290
Net premiums written	$963,169	$159,581	$413		$1,123,163
Net premiums earned	$730,610	$126,862	$389		$857,861
Net claims and claim expenses incurred	126,243	68,239	(2,341)		192,141
Acquisition expenses	70,005	24,338	132		94,475
Operational expenses	96,745	36,193	509		133,447
Underwriting income	$437,617	$(1,908)	$2,089		437,798
Net investment income			129,296		129,296
Net foreign exchange gains			170		170
Equity in earnings of other ventures			16,920		16,920
Other loss			(2,186)		(2,186)
Net realized and unrealized losses on investments			(26,788)		(26,788)
Corporate expenses			(30,318)		(30,318)
Interest expense			(13,632)		(13,632)
Income from continuing operations before taxes					511,260
Income tax expense			(356)		(356)
Income from discontinued operations			2,422		2,422
Net income attributable to noncontrolling interests			(96,953)		(96,953)
Dividends on preference shares			(19,353)		(19,353)
Net income available to RenaissanceRe common shareholders					$397,020
Net claims and claim expenses incurred – current accident year	$192,569	$71,274	$—		$263,843
Net claims and claim expenses incurred – prior accident years	(66,326)	(3,035)	(2,341)		(71,702)
Net claims and claim expenses incurred – total	$126,243	$68,239	$(2,341)		$192,141
Net claims and claim expense ratio – current accident year	26.4 %	56.2 %	— %		30.8 %
Net claims and claim expense ratio – prior accident years	(9.1)%	(2.4)%	(601.8)%		(8.4)%
Net claims and claim expense ratio – calendar year	17.3 %	53.8 %	(601.8)%		22.4 %
Underwriting expense ratio	22.8 %	47.7 %	164.8 %		26.6 %
Combined ratio	40.1 %	101.5 %	(437.0)%		49.0 %

(1) Represents $1.0 million of gross premiums ceded from the Reinsurance segment to the Lloyd's segment.

41

Three months ended September 30, 2012	Reinsurance	Lloyd's	Other	Total
Gross premiums written	$107,637	$28,722	$—	$136,359
Net premiums written	$78,164	$26,982	$(111)	$105,035
Net premiums earned	$230,359	$32,375	$(111)	$262,623
Net claims and claim expenses incurred	47,080	26,331	(196)	73,215
Acquisition expenses	18,258	6,051	129	24,438
Operational expenses	30,856	11,532	(32)	42,356
Underwriting income (loss)	$134,165	$(11,539)	$(12)	122,614
Net investment income			46,135	46,135
Net foreign exchange gains			3,187	3,187
Equity in earnings of other ventures			4,310	4,310
Other loss			(1,053)	(1,053)
Net realized and unrealized gains on investments			75,297	75,297
Corporate expenses			(3,796)	(3,796)
Interest expense			(5,891)	(5,891)
Income from continuing operations before taxes				240,803
Income tax benefit			(144)	(144)
Loss from discontinued operations			(166)	(166)
Net income attributable to noncontrolling interests			(51,083)	(51,083)
Dividends on preference shares			(8,750)	(8,750)
Net income available to RenaissanceRe common shareholders				$180,660
Net claims and claim expenses incurred – current accident year	$64,488	$29,051	$—	$93,539
Net claims and claim expenses incurred – prior accident years	(17,408)	(2,720)	(196)	(20,324)
Net claims and claim expenses incurred – total	$47,080	$26,331	$(196)	$73,215
Net claims and claim expense ratio – current accident year	28.0%	89.7%	—%	35.6%
Net claims and claim expense ratio – prior accident years	(7.6)%	(8.4)%	176.6%	(7.7)%
Net claims and claim expense ratio – calendar year	20.4%	81.3%	176.6%	27.9%
Underwriting expense ratio	21.4%	54.3%	(87.4)%	25.4%
Combined ratio	41.8%	135.6%	89.2%	53.3%

Nine months ended September 30, 2012	Reinsurance	Lloyd's	Other	Eliminations (1)	Total
Gross premiums written	$1,334,438	$133,836	$—	$(428)	$1,467,846
Net premiums written	$916,171	$109,429	$(360)		$1,025,240
Net premiums earned	$698,473	$87,566	$(335)		$785,704
Net claims and claim expenses incurred	90,892	50,292	(2,866)		138,318
Acquisition expenses	57,742	16,229	186		74,157
Operational expenses	93,246	32,395	414		126,055
Underwriting income (loss)	$456,593	$(11,350)	$1,931		447,174
Net investment income			126,725		126,725
Net foreign exchange gains			3,468		3,468
Equity in earnings of other ventures			16,626		16,626
Other income			730		730
Net realized and unrealized gains on investments			150,982		150,982
Net other-than-temporary impairments			(343)		(343)
Corporate expenses			(12,567)		(12,567)
Interest expense			(17,325)		(17,325)
Income from continuing operations before taxes					715,470
Income tax expense			(1,008)		(1,008)
Income from discontinued operations			(25,505)		(25,505)
Net income attributable to noncontrolling interests			(138,348)		(138,348)
Dividends on preference shares			(26,250)		(26,250)
Net income available to RenaissanceRe common shareholders					$524,359
Net claims and claim expenses incurred – current accident year	$196,263	$63,697	$—		$259,960
Net claims and claim expenses incurred – prior accident years	(105,371)	(13,405)	(2,866)		(121,642)
Net claims and claim expenses incurred – total	$90,892	$50,292	$(2,866)		$138,318
Net claims and claim expense ratio – current accident year	28.1%	72.7%	—%		33.1%
Net claims and claim expense ratio – prior accident years	(15.1)%	(15.3)%	855.5%		(15.5)%
Net claims and claim expense ratio – calendar year	13.0%	57.4%	855.5%		17.6%
Underwriting expense ratio	21.6%	55.6%	(179.1)%		25.5%
Combined ratio	34.6%	113.0%	676.4%		43.1%

(1) Represents $0.4 million of gross premiums ceded from the Lloyd's segment to the Reinsurance segment.

NOTE 12. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company accounts for its derivatives in accordance with FASB ASC Topic Derivatives and Hedging, which requires all derivatives to be recorded at fair value on the Company's balance sheet as either assets or liabilities, depending on the rights or obligations of the derivatives, with changes in fair value reflected in current earnings. The Company does not currently apply hedge accounting in respect of any positions reflected in its consolidated financial statements. The Company's derivative instruments are generally traded under International Swaps and Derivatives Association master agreements, which establish the terms of the transactions entered into with the Company's derivative counterparties. In the event one party becomes insolvent or otherwise defaults on its obligations, a master agreement generally permits the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' marked-to-market values so that a single sum in a single currency will be owed by, or owed to, the non-defaulting party. Effectively, this contractual close-out netting reduces credit exposure from gross to net exposure. Where the Company has entered into master netting agreements with counterparties, or the Company has the legal and contractual right to offset positions, the derivative positions are generally netted by counterparty and are reported accordingly in other assets and other liabilities.

The table below shows the gross and net amounts of recognized derivative assets and liabilities, including the location on the consolidated balance sheets and fair value of the Company's principal derivative instruments:

	Derivative Assets					
At September 30, 2013	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$231	—	$231	Other assets	$—	$231
Foreign currency forward contracts (1)	8,563	—	8,563	Other assets	—	8,563
Foreign currency forward contracts (2)	1,016	780	236	Other assets	—	236
Credit default swaps	583	70	513	Other assets	310	203
Total	$10,393	$850	$9,543		$310	$9,233

	Derivative Liabilities					
At September 30, 2013	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$104	—	$104	Other liabilities	$104	$—
Foreign currency forward contracts (1)	4,431	—	4,431	Other liabilities	—	4,431
Foreign currency forward contracts (2)	2,336	780	1,556	Other liabilities	—	1,556
Credit default swaps	81	70	11	Other liabilities	—	11
Other	282	—	282	Other liabilities	—	282

Total	$7,234	$850	$6,384		$104	$6,280

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.
(2) Contracts used to manage foreign currency risks in investment operations.

	Derivative Assets					
At December 31, 2012	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$441	—	$441	Other assets	$—	$441
Foreign currency forward contracts (1)	7,191	—	7,191	Other assets	—	7,191
Foreign currency forward contracts (2)	2,534	2,296	238	Other assets	—	238
Credit default swaps	784	333	451	Other assets	310	141
Total	$10,950	$2,629	$8,321		$310	$8,011

	Derivative Liabilities					
At December 31, 2012	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$41	—	$41	Other liabilities	$41	$—
Foreign currency forward contracts (1)	4,173	—	4,173	Other liabilities	—	4,173
Total	$4,214	$—	$4,214		$41	$4,173

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.
(2) Contracts used to manage foreign currency risks in investment operations.
Refer to "Note 4. Investments" for information on reverse repurchase agreements.

The location and amount of the gain (loss) recognized in the Company's consolidated statements of operations related to its derivative instruments is shown in the following table:

Three months ended September 30,	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives 2013	2012
Interest rate futures	Net realized and unrealized gains (losses) on investments	$3,291	$(1,087)
Foreign currency forward contracts (1)	Net foreign exchange gains	11,388	13,056
Foreign currency forward contracts (2)	Net foreign exchange gains	(5,016)	(430)
Credit default swaps	Net realized and unrealized gains (losses) on investments	266	127
Other	Other income (loss)	281	—
Total		$10,210	$11,666

Nine months ended September 30,	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives 2013	2012
Interest rate futures	Net realized and unrealized gains (losses) on investments	$23,496	$(2,904)
Foreign currency forward contracts (1)	Net foreign exchange gains	512	14,425
Foreign currency forward contracts (2)	Net foreign exchange gains	(3,670)	(2,779)
Credit default swaps	Net realized and unrealized gains (losses) on investments	992	661
Other	Other income (loss)	281	—
Total		$21,611	$9,403

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.
(2) Contracts used to manage foreign currency risks in investment operations.

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at September 30, 2013.

Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which can include increasing or decreasing its exposure to this risk. At September 30, 2013, the Company had $1,007.6 million of notional long positions and $423.8 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2012 – $377.8 million and $310.7 million, respectively). The fair value of these derivatives is determined using exchange traded prices.

Foreign Currency Derivatives

The Company's functional currency is the U.S. dollar. The Company writes a portion of its business in currencies other than U.S. dollars and may, from time to time, experience foreign exchange gains and losses in the Company's consolidated financial statements. All changes in exchange rates, with the exception of non-monetary assets and liabilities, are recognized currently in the Company's consolidated statements of operations.

Underwriting Operations Related Foreign Currency Contracts

The Company's foreign currency policy with regard to its underwriting operations is generally to hold foreign currency assets, including cash, investments and receivables that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable. When

necessary, the Company may use foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The fair value of the Company's underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At September 30, 2013, the Company had outstanding underwriting related foreign currency contracts of $262.8 million in notional long positions and $162.8 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $446.2 million and $119.5 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company’s investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. To economically hedge its exposure to currency fluctuations from these investments, the Company has entered into foreign currency forward contracts. Foreign exchange gains (losses) associated with the Company’s hedging of these non-U.S. dollar investments are recorded in net foreign exchange gains (losses) in its consolidated statements of operations. The fair value of the Company's investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At September 30, 2013, the Company had outstanding investment portfolio related foreign currency contracts of $94.7 million in notional long positions and $175.0 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $176.7 million and $217.4 million, respectively).

Credit Derivatives

The Company’s exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of the credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At September 30, 2013, the Company had outstanding credit derivatives of $7.1 million in notional long positions and $10.0 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $46.1 million and $24.0 million, respectively).

Other

The Company has entered into a derivative agreement with a counterparty whereby, following the occurrence of a triggering event as reported by an external agency, the Company will be required to reimburse the counterparty an amount up to the notional amount of $25.0 million. The fair value of this derivative is obtained through the use of an internal valuation model with the inputs to the internal valuation model based on proprietary data as observable market inputs are not available.

NOTE 13. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

There are no material changes from the commitments and contingencies previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Legal Proceedings

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory actions or disputes arising from the Company's business ventures. The Company's operating subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages. Generally, the Company's direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly

injured persons or entities seeking damages from policyholders. These lawsuits, involving claims on policies issued by the Company's subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its loss and loss expense reserves which are discussed in its loss reserves discussion. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, the Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

Other Items

On May 15, 2013, the Company announced that effective July 1, 2013, Mr. Currie, its Chief Executive Officer, would retire and Mr. Currie's responsibilities would be assumed by Mr. O'Donnell, the Company's President and Chief Underwriting Officer. As part of this transition, Mr. Currie ceased to serve as an officer and director of the Company on July 1, 2013. Mr. Currie will remain an employee of the Company through February 22, 2014 (the "Separation Date"), the remaining term of Mr. Currie's amended and restated employment agreement. Until the Separation Date, Mr. Currie will continue to receive all payments and benefits set forth in his employment agreement. At the Separation Date, Mr. Currie will be entitled to the separation payments and benefits as provided in his employment agreement. In conjunction therewith, in the second quarter of 2013, the Company expensed $16.8 million in total compensation, benefits and other related expenses including the unamortized balance of stock-based compensation Mr. Currie is expected to receive under the terms of his employment agreement and the transition agreement entered into between the Company and Mr. Currie in connection with Mr. Currie's retirement, subject to Mr. Currie's continued compliance with the non-competition and non-interference covenants set forth therein.

NOTE 14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES

The following tables present condensed consolidating balance sheets at September 30, 2013 and December 31, 2012, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and nine months ended September 30, 2013 and 2012, and condensed consolidating statements of cash flows for the nine months ended September 30, 2013 and 2012, respectively, for RenaissanceRe, RRNAH and RenaissanceRe's other subsidiaries. RRNAH is a 100% owned subsidiary of RenaissanceRe.

On March 17, 2010, RRNAH issued, and RenaissanceRe guaranteed, $250.0 million of 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15. The notes can be redeemed by RRNAH prior to maturity, subject to payment of a "make-whole" premium. The notes, which are senior obligations, contain various covenants, including limitations on mergers and consolidations, restrictions as to the disposition of the stock of designated subsidiaries and limitations on liens of the stock of designated subsidiaries.

Condensed Consolidating Balance Sheet at September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets					
Total investments	$282,340	$25,742	$6,119,430	$—	$6,427,512
Cash and cash equivalents	8,244	9,182	248,924	—	266,350
Investments in subsidiaries	3,214,032	81,121	—	(3,295,153)	—
Due from subsidiaries and affiliates	158,130	42	—	(158,172)	—
Premiums receivable	—	—	735,937	—	735,937
Prepaid reinsurance premiums	—	—	166,340	—	166,340
Reinsurance recoverable	—	—	149,201	—	149,201
Accrued investment income	716	89	26,082	—	26,887
Deferred acquisition costs	—	—	103,844	—	103,844
Other assets	116,429	1,540	347,067	(102,708)	362,328
Assets of discontinued operations held for sale	—	115,556	—	—	115,556
Total assets	$3,779,891	$233,272	$7,896,825	$(3,556,033)	$8,353,955
Liabilities, Noncontrolling Interests and Shareholders' Equity					
Liabilities					
Reserve for claims and claim expenses	$—	$—	$1,683,709	$—	$1,683,709
Unearned premiums	—	—	754,077	—	754,077
Debt	—	249,407	—	—	249,407
Amounts due to subsidiaries and affiliates	51,946	1,907	—	(53,853)	—
Reinsurance balances payable	—	—	358,988	—	358,988
Other liabilities	17,231	3,317	573,310	(2,708)	591,150
Liabilities of discontinued operations held for sale	—	56,275	—	—	56,275
Total liabilities	69,177	310,906	3,370,084	(56,561)	3,693,606
Redeemable noncontrolling interest – DaVinciRe	—	—	945,915	—	945,915
Shareholders' Equity					
Total shareholders' equity	3,710,714	(77,634)	3,580,826	(3,499,472)	3,714,434
Total liabilities, noncontrolling interests and shareholders' equity	$3,779,891	$233,272	$7,896,825	$(3,556,033)	$8,353,955

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Balance Sheet at December 31, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets					
Total investments	$572,139	$49,618	$5,733,637	$—	$6,355,394
Cash and cash equivalents	6,298	1,528	296,319	—	304,145
Investments in subsidiaries	2,864,793	37,202	—	(2,901,995)	—
Due from subsidiaries and affiliates	53,296	117	—	(53,413)	—
Premiums receivable	—	—	491,365	—	491,365
Prepaid reinsurance premiums	—	—	77,082	—	77,082
Reinsurance recoverable	—	—	192,512	—	192,512
Accrued investment income	2,535	69	30,874	—	33,478
Deferred acquisition costs	—	—	52,622	—	52,622
Other assets	175,105	15,754	212,570	(115,493)	287,936
Assets of discontinued operations held for sale	—	134,094	—	—	134,094
Total assets	$3,674,166	$238,382	$7,086,981	$(3,070,901)	$7,928,628
Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity					
Liabilities					
Reserve for claims and claim expenses	$—	$—	$1,879,377	$—	$1,879,377
Unearned premiums	—	—	399,517	—	399,517
Debt	100,000	249,339	—	—	349,339
Amounts due to subsidiaries and affiliates	11,371	5,593	—	(16,964)	—
Reinsurance balances payable	—	—	290,419	—	290,419
Other liabilities	59,730	4,572	414,377	(1,458)	477,221
Liabilities of discontinued operations held for sale	—	57,440	—	—	57,440
Total liabilities	171,101	316,944	2,983,690	(18,422)	3,453,313
Redeemable noncontrolling interest – DaVinciRe	—	—	968,259	—	968,259
Shareholders' Equity					
Total shareholders' equity	3,503,065	(78,562)	3,135,032	(3,052,479)	3,507,056
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$3,674,166	$238,382	$7,086,981	$(3,070,901)	$7,928,628

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the three months ended September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues					
Net premiums earned	$—	$—	$294,717	$—	$294,717
Net investment income	1,055	37	59,782	(943)	59,931
Net foreign exchange gains	47	—	441	—	488
Equity in earnings of other ventures	—	—	7,313	—	7,313
Other income	—	—	651	—	651
Net realized and unrealized gains (losses) on investments	373	(18)	28,117	—	28,472
Total revenues	1,475	19	391,021	(943)	391,572
Expenses					
Net claims and claim expenses incurred	—	—	60,928	—	60,928
Acquisition expenses	—	—	37,699	—	37,699
Operational expenses	(1,242)	1,574	44,808	(468)	44,672
Corporate expenses	3,599	60	648	—	4,307
Interest expense	—	3,617	681	—	4,298
Total expenses	2,357	5,251	144,764	(468)	151,904
(Loss) income before equity in net income (loss) of subsidiaries and taxes	(882)	(5,232)	246,257	(475)	239,668
Equity in net income of subsidiaries	186,217	2,344	—	(188,561)	—
Income (loss) from continuing operations before taxes	185,335	(2,888)	246,257	(189,036)	239,668
Income tax benefit (expense)	—	801	(1,024)	—	(223)
Income (loss) from continuing operations	185,335	(2,087)	245,233	(189,036)	239,445
Loss from discontinued operations	—	(9,779)	—	—	(9,779)
Net income (loss)	185,335	(11,866)	245,233	(189,036)	229,666
Net income attributable to noncontrolling interests	—	—	(44,331)	—	(44,331)
Net income (loss) attributable to RenaissanceRe	185,335	(11,866)	200,902	(189,036)	185,335
Dividends on preference shares	(5,595)	—	—	—	(5,595)
Net income (loss) attributable to RenaissanceRe common shareholders	$179,740	$(11,866)	$200,902	$(189,036)	$179,740

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

51

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)					
Net income (loss)	$185,335	$(11,866)	$245,233	$(189,036)	$229,666
Change in net unrealized gains on investments	—	—	(343)	—	(343)
Comprehensive income (loss)	185,335	(11,866)	244,890	(189,036)	229,323
Net income attributable to noncontrolling interests	—	—	(44,331)	—	(44,331)
Comprehensive income attributable to noncontrolling interests	—	—	(44,331)	—	(44,331)
Comprehensive income (loss) attributable to RenaissanceRe	$185,335	$(11,866)	$200,559	$(189,036)	$184,992

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

52

Condensed Consolidating Statement of Operations for the nine months ended September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues					
Net premiums earned	$—	$—	$857,861	$—	$857,861
Net investment income	3,273	274	128,590	(2,841)	129,296
Net foreign exchange (losses) gains	(3)	(2)	175	—	170
Equity in earnings of other ventures	—	—	16,920	—	16,920
Other income (loss)	106	—	(2,292)	—	(2,186)
Net realized and unrealized losses on investments	(1,071)	(132)	(25,585)	—	(26,788)
Total revenues	2,305	140	975,669	(2,841)	975,273
Expenses					
Net claims and claim expenses incurred	—	—	192,141	—	192,141
Acquisition expenses	—	—	94,475	—	94,475
Operational expenses	(3,705)	5,591	132,029	(468)	133,447
Corporate expenses	28,508	178	1,632	—	30,318
Interest expense	734	10,850	2,048	—	13,632
Total expenses	25,537	16,619	422,325	(468)	464,013
(Loss) income before equity in net income (loss) of subsidiaries and taxes	(23,232)	(16,479)	553,344	(2,373)	511,260
Equity in net income (loss) of subsidiaries	439,605	(1,495)	—	(438,110)	—
Income (loss) from continuing operations before taxes	416,373	(17,974)	553,344	(440,483)	511,260
Income tax benefit (expense)	—	796	(1,152)	—	(356)
Income (loss) from continuing operations	416,373	(17,178)	552,192	(440,483)	510,904
Income from discontinued operations	—	2,422	—	—	2,422
Net income (loss)	416,373	(14,756)	552,192	(440,483)	513,326
Net income attributable to noncontrolling interests	—	—	(96,953)	—	(96,953)
Net income (loss) attributable to RenaissanceRe	416,373	(14,756)	455,239	(440,483)	416,373
Dividends on preference shares	(19,353)	—	—	—	(19,353)
Net income (loss) attributable to RenaissanceRe common shareholders	$397,020	$(14,756)	$455,239	$(440,483)	$397,020

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the nine months ended September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)					
Net income (loss)	$416,373	$(14,756)	$552,192	$(440,483)	$513,326
Change in net unrealized gains on investments	—	—	(9,056)	—	(9,056)
Comprehensive income (loss)	416,373	(14,756)	543,136	(440,483)	504,270
Net income attributable to noncontrolling interests	—	—	(96,953)	—	(96,953)
Comprehensive income attributable to noncontrolling interests	—	—	(96,953)	—	(96,953)
Comprehensive income (loss) attributable to RenaissanceRe	$416,373	$(14,756)	$446,183	$(440,483)	$407,317

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the three months ended September 30, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues					
Net premiums earned	$—	$—	$262,623	$—	$262,623
Net investment income	3,293	134	44,688	(1,980)	46,135
Net foreign exchange gains	21	—	3,166	—	3,187
Equity in earnings of other ventures	—	—	4,310	—	4,310
Other income (loss)	2,410	—	(3,463)	—	(1,053)
Net realized and unrealized gains on investments	5,928	438	68,931	—	75,297
Total revenues	11,652	572	380,255	(1,980)	390,499
Expenses					
Net claims and claim expenses incurred	—	—	73,215	—	73,215
Acquisition expenses	—	—	24,438	—	24,438
Operational expenses	(1,252)	1,889	41,719	—	42,356
Corporate expenses	3,272	61	463	—	3,796
Interest expense	1,468	3,617	806	—	5,891
Total expenses	3,488	5,567	140,641	—	149,696
Income (loss) before equity in net loss of subsidiaries and taxes	8,164	(4,995)	239,614	(1,980)	240,803
Equity in net income (loss) of subsidiaries	181,246	(1,905)	—	(179,341)	—
Income (loss) from continuing operations before taxes	189,410	(6,900)	239,614	(181,321)	240,803
Income tax benefit (expense)	—	1,477	(1,621)	—	(144)
Income (loss) from continuing operations	189,410	(5,423)	237,993	(181,321)	240,659
Loss from discontinued operations	—	(166)	—	—	(166)
Net income (loss)	189,410	(5,589)	237,993	(181,321)	240,493
Net income attributable to redeemable noncontrolling interest – DaVinciRe	—	—	(51,083)	—	(51,083)
Net income (loss) attributable to RenaissanceRe	189,410	(5,589)	186,910	(181,321)	189,410
Dividends on preference shares	(8,750)	—	—	—	(8,750)
Net income (loss) available (attributable) to RenaissanceRe common shareholders	$180,660	$(5,589)	$186,910	$(181,321)	$180,660

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended September 30, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income					
Net income (loss)	$189,410	$(5,589)	$237,993	$(181,321)	$240,493
Change in net unrealized gains on investments	—	—	1,536	—	1,536
Comprehensive income (loss)	189,410	(5,589)	239,529	(181,321)	242,029
Net income attributable to noncontrolling interests	—	—	(51,083)	—	(51,083)
Comprehensive income attributable to noncontrolling interests	—	—	(51,083)	—	(51,083)
Comprehensive income (loss) attributable to RenaissanceRe	$189,410	$(5,589)	$188,446	$(181,321)	$190,946

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

56

Condensed Consolidating Statement of Operations for the nine months ended September 30, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues					
Net premiums earned	$—	$—	$785,704	$—	$785,704
Net investment income	10,887	485	121,358	(6,005)	126,725
Net foreign exchange gains	28	—	3,440	—	3,468
Equity in earnings of other ventures	—	—	16,626	—	16,626
Other income (loss)	2,562	—	(1,832)	—	730
Net realized and unrealized gains on investments	14,444	1,490	135,048	—	150,982
Net other-than-temporary impairments	—	—	(343)	—	(343)
Total revenues	27,921	1,975	1,060,001	(6,005)	1,083,892
Expenses					
Net claims and claim expenses incurred	—	—	138,318	—	138,318
Acquisition expenses	—	—	74,157	—	74,157
Operational expenses	(3,866)	5,646	124,275	—	126,055
Corporate expenses	10,951	213	1,403	—	12,567
Interest expense	4,406	10,850	2,069	—	17,325
Total expenses	11,491	16,709	340,222	—	368,422
Income (loss) before equity in net loss of subsidiaries and taxes	16,430	(14,734)	719,779	(6,005)	715,470
Equity in net income (loss) of subsidiaries	534,179	1,021	—	(535,200)	—
Income (loss) from continuing operations before taxes	550,609	(13,713)	719,779	(541,205)	715,470
Income tax (expense) benefit	—	(1,491)	483	—	(1,008)
Income (loss) from continuing operations	550,609	(15,204)	720,262	(541,205)	714,462
Loss from discontinued operations	—	(25,505)	—	—	(25,505)
Net income (loss)	550,609	(40,709)	720,262	(541,205)	688,957
Net income attributable to redeemable noncontrolling interest – DaVinciRe	—	—	(138,348)	—	(138,348)
Net income (loss) attributable to RenaissanceRe	550,609	(40,709)	581,914	(541,205)	550,609
Dividends on preference shares	(26,250)	—	—	—	(26,250)
Net income (loss) available (attributable) to RenaissanceRe	$524,359	$(40,709)	$581,914	$(541,205)	$524,359

common shareholders

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the nine months ended September 30, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)					
Net income (loss)	$550,609	$(40,709)	$720,262	$(541,205)	$688,957
Change in net unrealized gains on investments	—	—	2,359	—	2,359
Portion of other-than-temporary impairments recognized in other comprehensive income (loss)	—	—	(52)	—	(52)
Comprehensive income (loss)	550,609	(40,709)	722,569	(541,205)	691,264
Net income attributable to noncontrolling interests	—	—	(138,348)	—	(138,348)
Comprehensive income attributable to noncontrolling interests	—	—	(138,348)	—	(138,348)
Comprehensive income (loss) attributable to RenaissanceRe	$550,609	$(40,709)	$584,221	$(541,205)	$552,916

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities				
Net cash (used in) provided by operating activities	$(46,965)	$(7,706)	$440,469	$385,798
Cash flows provided by (used in) investing activities				
Proceeds from sales and maturities of fixed maturity investments trading	503,148	84,636	5,768,907	6,356,691
Purchases of fixed maturity investments trading	(344,873)	(67,498)	(6,037,326)	(6,449,697)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	43,564	43,564
Net purchases of equity investments trading	—	—	(33,714)	(33,714)
Net sales (purchases) of short term investments	180,150	10,396	(308,672)	(118,126)
Net sales of other investments	—	—	198,101	198,101
Net purchases of investments in other ventures	—	—	(2,500)	(2,500)
Net purchases of other assets	—	—	(994)	(994)
Dividends and return of capital from subsidiaries	330,097	28,554	(358,651)	—
Contributions to subsidiaries	(327,731)	(37,117)	364,848	—
Due to (from) subsidiary	14,685	(3,611)	(11,074)	—
Net cash provided by (used in) investing activities	355,476	15,360	(377,511)	(6,675)
Cash flows used in financing activities				
Dividends paid – RenaissanceRe common shares	(36,956)	—	—	(36,956)
Dividends paid – preference shares	(19,353)	—	—	(19,353)
RenaissanceRe common share repurchases	(140,911)	—	—	(140,911)
Net repayment of debt	(100,000)	—	(847)	(100,847)
Redemption of 6.08% Series C preference shares	(125,000)	—	—	(125,000)
Redemption of 6.60% Series D preference shares	(150,000)	—	—	(150,000)
Issuance of 5.375% Series E preference shares, net of expenses	265,655	—	—	265,655
Third party DaVinciRe share transactions	—	—	(116,628)	(116,628)
Third party investment in redeemable noncontrolling interest	—	—	13,000	13,000
Net cash used in financing activities	(306,565)	—	(104,475)	(411,040)
Effect of exchange rate changes on foreign currency cash	—	—	3,366	3,366
Net increase (decrease) in cash and cash equivalents	1,946	7,654	(38,151)	(28,551)
Net increase in cash and cash equivalents of discontinued operations	—	—	(9,244)	(9,244)
Cash and cash equivalents, beginning of period	6,298	1,528	296,319	304,145

Cash and cash equivalents, end of period	$8,244	$9,182	$248,924	$266,350

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

Condensed Consolidating Statement of Cash Flows for the nine months ended September 30, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows provided by (used in) operating activities				
Net cash provided by (used in) operating activities	$16,604	$(13,194)	$532,256	$535,666
Cash flows provided by (used in) investing activities				
Proceeds from sales and maturities of fixed maturity investments trading	580,563	124,658	5,582,502	6,287,723
Purchases of fixed maturity investments trading	(471,459)	(65,331)	(6,349,449)	(6,886,239)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	47,925	47,925
Net sales (purchases) of short term investments	52,022	(7,756)	125,896	170,162
Net sales of other investments	—	—	41,262	41,262
Net purchases of other assets	—	—	(4,204)	(4,204)
Dividends and return of capital from subsidiaries	520,317	8,299	(528,616)	—
Contributions to subsidiaries	(370,280)	(50,000)	420,280	—
Due to (from) subsidiaries	(6,556)	(611)	7,167	—
Net cash provided by (used in) investing activities	304,607	9,259	(657,237)	(343,371)
Cash flows (used in) provided by financing activities				
Dividends paid – RenaissanceRe common shares	(40,741)	—	—	(40,741)
Dividends paid – preference shares	(26,250)	—	—	(26,250)
RenaissanceRe common share repurchases	(257,461)	—	—	(257,461)
Net drawdown of debt	—	—	4,907	4,907
Third party DaVinciRe share transactions	—	—	157,999	157,999
Net cash (used in) provided by financing activities	(324,452)	—	162,906	(161,546)
Effect of exchange rate changes on foreign currency cash	—	—	1,390	1,390
Net (decrease) increase in cash and cash equivalents	(3,241)	(3,935)	39,315	32,139
Net decrease in cash and cash equivalents of discontinued operations	—	—	12,169	12,169
Cash and cash equivalents, beginning of period	10,606	4,920	166,299	181,825
Cash and cash equivalents, end of period	$7,365	$985	$217,783	$226,133

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our results of operations for the three and nine months ended September 30, 2013 and 2012, respectively. The following also includes a discussion of our liquidity and capital resources at September 30, 2013. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in this filing and the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. This filing contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results described or implied by these forward-looking statements. See “Note on Forward-Looking Statements.”

OVERVIEW

RenaissanceRe was established in Bermuda in 1993 to write principally property catastrophe reinsurance and today is a leading global provider of reinsurance and insurance coverages and related services. Our aspiration is to be the world’s best underwriter of high-severity, low frequency risks. Through our operating subsidiaries, we seek to produce superior returns for our shareholders by being a trusted, long-term partner to our customers, for assessing and managing risk, delivering responsive solutions, and keeping our promises. We accomplish this by leveraging our core capabilities of risk assessment and information management, and by investing in our capabilities to serve our customers across the cycles that have historically characterized our markets. Overall, our strategy focuses on superior risk selection, superior customer relationships and superior capital management. We provide value to our customers and joint venture partners in the form of financial security, innovative products, and responsive service. We are known as a leader in paying valid reinsurance claims promptly. We principally measure our financial success through long-term growth in tangible book value per common share plus the change in accumulated dividends, which we believe is the most appropriate measure of our Company’s financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe reinsurance, which we primarily write through our principal operating subsidiary Renaissance Reinsurance, Syndicate 1458, and joint ventures, principally DaVinci and Top Layer Re; specialty reinsurance risks written through Renaissance Reinsurance, RenaissanceRe Specialty Risks, Syndicate1458 and DaVinci; and other insurance products primarily written through Syndicate 1458. We believe that we are one of the world's leading providers of property catastrophe reinsurance. We also believe we have a strong position in certain specialty reinsurance lines of business and a growing presence in the Lloyd's marketplace. Our reinsurance and insurance products are principally distributed through intermediaries, with whom we seek to cultivate strong long-term relationships. We continually explore appropriate and efficient ways to address the risk needs of our clients. We have created and managed several alternative capital vehicles in the past and may create additional risk bearing vehicles in the future.

Since a substantial portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to customers affected by these events. We are exposed to significant losses from these catastrophic events and other exposures that we cover. Accordingly, we expect a significant degree of volatility in our financial results and our financial results may vary significantly from quarter-to-quarter or from year-to-year, based on the level of insured catastrophic losses occurring around the world.

Our revenues are principally derived from three sources: (1) net premiums earned from the reinsurance and insurance policies we sell; (2) net investment income and realized and unrealized gains from the investment of our capital funds and the investment of the cash we receive on the policies which we sell; and (3) other income received from our joint ventures, advisory services and various other items.

Our expenses primarily consist of: (1) net claims and claim expenses incurred on the policies of reinsurance and insurance we sell; (2) acquisition costs which typically represent a percentage of the premiums we write; (3) operating expenses which primarily consist of personnel expenses, rent and other operating expenses; (4) corporate expenses which include certain executive, legal and consulting expenses, costs for research and development, and other miscellaneous costs, including those associated with operating as a publicly traded company; (5) noncontrolling interests, which represents the interest of third parties with

61

respect to the net income (loss) of DaVinciRe, Medici and Angus; and (6) interest and dividend costs related to our debt and preference shares. We are also subject to taxes in certain jurisdictions in which we operate; however, since the majority of our income is currently earned in Bermuda, a non-taxable jurisdiction, the tax impact to our operations has historically been minimal.

The operating results, also known as the underwriting results, of an insurance or reinsurance company are discussed frequently by reference to its net claims and claim expense ratio, underwriting expense ratio, and combined ratio. The net claims and claim expense ratio is calculated by dividing net claims and claim expenses incurred by net premiums earned. The underwriting expense ratio is calculated by dividing underwriting expenses (acquisition expenses and operational expenses) by net premiums earned. The combined ratio is the sum of the net claims and claim expense ratio and the underwriting expense ratio. A combined ratio below 100% generally indicates profitable underwriting prior to the consideration of investment income. A combined ratio over 100% generally indicates unprofitable underwriting prior to the consideration of investment income. We also discuss our net claims and claim expense ratio on an accident year basis. This ratio is calculated by taking net claims and claim expenses, excluding development on net claims and claim expenses from events that took place in prior fiscal years, divided by net premiums earned.

Discontinued Operations

On August 30, 2013, we entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, we closed the sale of REAL to Munich. We have classified the assets and liabilities associated with this transaction as held for sale and the financial results are reflected in our consolidated financial statements as “discontinued operations.” Except as explicitly described as held for sale or as discontinued operations, and unless otherwise noted, all discussions and amounts presented herein relate to our continuing operations. All prior periods presented have been reclassified to conform to this form of presentation.

Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. We recorded a loss on sale of $8.8 million in conjunction with the sale, including related direct expenses to date.

See “Note 3. Discontinued Operations in our Notes to Consolidated Financial Statements” for additional information related to discontinued operations.

Segments

Our reportable segments currently include: (1) Reinsurance, which includes catastrophe reinsurance, specialty reinsurance and certain property catastrophe and specialty joint ventures and (2) Lloyd's, which includes reinsurance and insurance business written through Syndicate 1458. In addition, our Other category primarily reflects our: strategic investments; investments unit; corporate expenses, capital servicing costs and noncontrolling interests; results of our discontinued operations; and the remnants of our Bermuda-based insurance operations not sold pursuant to our 2011 stock purchase agreement with QBE Holdings, Inc.

Reinsurance

Our Reinsurance segment has two main units and is managed by our Chief Executive Officer and President, who leads a team of underwriters, risk modelers and other industry professionals, who have access to our proprietary risk management, underwriting and modeling resources and tools.

(1) Property catastrophe reinsurance, principally written for our own account and for DaVinci, is our traditional core business. We believe we are one of the world's leading providers of this coverage, based on total catastrophe gross premiums written. This coverage protects against large natural catastrophes, such as earthquakes, hurricanes and tsunamis, as well as claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires, wind storms, tornadoes, explosions and acts of terrorism. We offer this coverage to insurance companies and other reinsurers primarily on an excess of loss basis. This means that we begin paying when our customers' claims from a catastrophe exceed a certain retained amount.

(2) Specialty reinsurance, also principally written for our own account and for DaVinci, covering certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk that we assume. Our portfolio includes various classes of business, such as catastrophe exposed workers' compensation, surety, terrorism, energy, aviation, crop, political risk, trade credit, financial, mortgage guarantee, catastrophe-exposed personal lines property, casualty clash, certain other casualty lines and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. We believe that we are seen as a market leader in certain of these classes of business. We are seeking to expand our specialty reinsurance operations over time, although we cannot assure you that we will do so, particularly in light of current and forecasted market conditions. Our specialty reinsurance business is typically significantly impacted by a comparably small number of relatively large transactions.

Lloyd’s

Our Lloyd’s segment includes insurance and reinsurance business written for our own account through Syndicate 1458. The syndicate enhances our underwriting platform by providing access to Lloyd’s extensive distribution network and worldwide licenses. RenaissanceRe CCL, an indirect wholly owned subsidiary of the Company, is the sole corporate member of Syndicate 1458. We anticipate that Syndicate 1458's absolute and relative contributions to our consolidated results of operations will have a meaningful impact over time, although we cannot assure you we will succeed in executing our growth strategy in respect of Syndicate 1458, or that its results will be favorable.

Other

Our Other category primarily includes the results of: (1) our share of strategic investments in certain markets we believe offer attractive risk-adjusted returns or where we believe our investment adds value, and where, rather than assuming exclusive management responsibilities ourselves, we partner with other market participants; (2) our investment unit which manages and invests the funds generated by our consolidated operations; (3) corporate expenses, capital services costs and noncontrolling interests; (4) the results of our discontinued operations; and (5) the remnants of our Bermuda-based insurance operations.

New Business

From time to time we consider diversification into new ventures, either through organic growth, the formation of new joint ventures, or the acquisition of or the investment in other companies or books of business of other companies. This potential diversification includes opportunities to write targeted, additional classes of risk-exposed business, both directly for our own account and through possible new joint venture opportunities, or through new or strengthened strategic relationships. We also regularly evaluate potential strategic opportunities that we believe might utilize our skills, capabilities, proprietary technology and relationships to support possible expansion into further risk-related coverages, services and products. Generally, we focus on underwriting or trading risks where reasonably sufficient data may be available, and where our analytical abilities may provide us a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our then current portfolio of risks.

We regularly review potential strategic transactions that might improve our portfolio of business, enhance or focus our strategies, expand our distribution or capabilities, or to seek other benefits. In evaluating potential new ventures or investments, we generally seek an attractive estimated return on investment, the ability to develop or capitalize on a competitive advantage, and opportunities which we believe will not detract from our core operations. While we regularly review potential strategic transactions and periodically engage in discussions regarding possible transactions, there can be no assurance that we will complete any such transactions or that any such transaction would be successful or materially enhance our results of operations or financial condition. We believe that our ability to potentially attract investment and operational opportunities is supported by our strong reputation and financial resources, and by the capabilities and track record of our ventures unit.

Upsilon Re II

Effective January 1, 2013, the Company formed and launched a new managed joint venture, Upsilon Re II. Upsilon Re II is a partially owned subsidiary of RenaissanceRe and a Bermuda domiciled special purpose insurer providing additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market for the 2013 underwriting year. Our ownership interest in Upsilon Re II could change over time, perhaps materially so, and we may also elect to underwrite additional risks within Upsilon Re II in future underwriting years. We cannot assure you that future opportunities to grow or maintain the business we have accessed through Upsilon Re II will be realized, however. See "Note 8. Variable Interest Entities" in our notes to the consolidated financial statements for additional information related to Upsilon Re II.

Mona Lisa Re

On March 14, 2013, Mona Lisa Re was licensed as a Bermuda domiciled SPI to provide reinsurance capacity to subsidiaries of RenaissanceRe, namely Renaissance Reinsurance and DaVinci, through reinsurance agreements which will be collateralized and funded by Mona Lisa Re through the issuance of one or more series of Notes to third-party investors. See "Note 8. Variable Interest Entities" in our notes to the consolidated financial statements for additional information related to Mona Lisa Re.

Medici

Medici is an exempted fund incorporated under the laws of Bermuda and its objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. Prior to June 1, 2013, Medici was a wholly owned subsidiary of Fund Holdings, which in turn is a wholly owned subsidiary of RenaissanceRe.

Subsequent to June 1, 2013, third-party investors subscribed for the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 88.0% at September 30, 2013 and effective October 1, 2013 and November 1, 2013, third-party investors subscribed for additional participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 81.3% effective November 1, 2013. The portion of Medici's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interest.

The portion of the Medici's earnings owned by third parties is recorded in the consolidated statements of operations as net (income) loss attributable to noncontrolling interest. We expect our ownership in Medici to fluctuate over time. See "Note 7. Noncontrolling Interests" in our notes to the consolidated financial statements for additional information related to Medici.

RenaissanceRe Underwriting Managers U.S. LLC ("RenaissanceRe Underwriting Managers U.S.")

In July 2013, the Company announced the formation of RenaissanceRe Underwriting Managers U.S., a specialty reinsurance agency based in Connecticut, which will support the growth of new products and services in the U.S. reinsurance specialty market.

RenaissanceRe Underwriting Managers U.S., an indirect wholly owned subsidiary of RenaissanceRe, will provide specialty treaty reinsurance solutions on both a quota share and excess of loss basis, with initial classes of business to include professional liability, general casualty and other specialty lines. The agency is expected to write business on behalf of RenaissanceRe Specialty U.S. Ltd., an A.M. Best ‘A’ rated and Bermuda-domiciled reinsurer launched in June 2013, and RenaissanceRe Syndicate 1458.

Risk Management

We seek to develop and effectively utilize sophisticated computer models and other analytical tools to assess and manage the risks that we underwrite and attempt to optimize our portfolio of reinsurance and insurance contracts and other financial risks. Our policies, procedures, tools and resources to monitor and assess our operational risks companywide, as well as our global enterprise-wide risk management practices, are overseen by our Chief Risk Officer, who reports directly to our Chief Financial Officer.

With respect to our Reinsurance operations, since 1993 we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, REMS©. We believe that REMS©, as updated from time to time, is a more robust underwriting and risk management system than is currently commercially available elsewhere in the reinsurance industry and offers us a significant competitive advantage. REMS© was originally developed to analyze catastrophe risks, though we continuously seek ways to enhance the program in order to analyze other classes of risk.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations found in our Annual Report on Form 10-K for the year ended December 31, 2012.

SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the three months ended September 30, 2013 compared to the three months ended September 30, 2012.

Three months ended September 30,	2013	2012	Change
(in thousands, except per share amounts and percentages)			
Statement of operations highlights			
Gross premiums written	$182,649	$136,359	$46,290
Net premiums written	127,241	105,035	22,206
Net premiums earned	294,717	262,623	32,094
Net claims and claim expenses incurred	60,928	73,215	(12,287)
Underwriting income	151,418	122,614	28,804
Net investment income	59,931	46,135	13,796
Net realized and unrealized (losses) gains on investments	28,472	75,297	(46,825)
Income from continuing operations	239,445	240,659	(1,214)
Loss from discontinued operations	(9,779)	(166)	(9,613)
Net income	229,666	240,493	(10,827)
Net income available to RenaissanceRe common shareholders	179,740	180,660	(920)
Income from continuing operations available to RenaissanceRe common shareholders per common share - diluted	$4.23	$3.62	$0.61
Loss from discontinued operations available to RenaissanceRe common shareholders per common share - diluted	(0.22)	—	(0.22)
Net income available to RenaissanceRe common shareholders per common share – diluted	$4.01	$3.62	$0.39
Dividends per common share	$0.28	$0.27	$0.01
Key ratios			
Net claims and claim expense ratio – current accident year	23.1%	35.6%	(12.5)%
Net claims and claim expense ratio – prior accident years	(2.4)%	(7.7)%	5.3%
Net claims and claim expense ratio – calendar year	20.7%	27.9%	(7.2)%
Underwriting expense ratio	27.9%	25.4%	2.5%
Combined ratio	48.6%	53.3%	(4.7)%
Return on average common equity - annualized	22.2%	22.0%	0.2%

Book value	September 30, 2013	June 30, 2013	Change
Book value per common share	$74.58	$71.38	$3.20
Accumulated dividends per common share	12.84	12.56	0.28
Book value per common share plus accumulated dividends	$87.42	$83.94	$3.48
Change in book value per common share plus change in accumulated dividends	4.9%		

Balance sheet highlights	September 30, 2013	June 30, 2013	Change

Total assets	$8,353,955	$8,467,383	$(113,428)
Total shareholders' equity attributable to RenaissanceRe	$3,710,714	$3,568,297	$142,417

66

Net income available to RenaissanceRe common shareholders was $179.7 million in the third quarter of 2013, compared to $180.7 million in the third quarter of 2012, a decrease of $0.9 million. As a result of our net income available to RenaissanceRe common shareholders in the third quarter of 2013, we generated an annualized return on average common equity of 22.2% and our book value per common share increased from $71.38 at June 30, 2013 to $74.58 at September 30, 2013, a 4.9% increase, after considering the change in accumulated dividends paid to our common shareholders.

The most significant events affecting our financial performance during the third quarter of 2013, on a comparative basis to the third quarter of 2012, include:

- Improved Underwriting Results - our underwriting income of $151.4 million in the third quarter of 2013 increased $28.8 million from $122.6 million in the third quarter of 2012. The increase in underwriting income was primarily driven by a $32.1 million increase in net premiums earned due to growth in gross premiums written principally in the specialty unit and Lloyd's segment, combined with a $12.3 million decrease in net claims and claim expenses driven by a relatively light loss quarter, partially offset by a $13.3 million increase in acquisition expenses primarily arising in the Company's specialty unit;
- Lower Net Income Attributable to Noncontrolling Interests - our net income attributable to noncontrolling interests was $44.3 million in the third quarter of 2013, compared to $51.1 million in the third quarter of 2012, a decrease of $6.8 million, principally due to lower investment income in DaVinciRe and an increase in the Company's ownership percentage in DaVinciRe from 31.5% at September 30, 2012 to 32.9% at September 30, 2013, consequently reducing net income attributable to noncontrolling interests; and partially offset by
- Lower Investment Results - net realized and unrealized gains on investments in the third quarter of 2013 deteriorated $46.8 million, to gains of $28.5 million compared to gains of $75.3 million in the third quarter of 2012. Although positive returns were generated in the Company's fixed maturity investment portfolio during the third quarter of 2013, the decrease when compared to the third quarter of 2012 was primarily driven by significant credit spread tightening during the third quarter of 2012. Offsetting this decrease was a $13.8 million increase in net investment income from other investments principally driven by improved returns in our private equity investments and an increase in the fair value of our investment in Essent included in other investments; and
- Loss from Discontinued Operations - the operating results of our discontinued operations, REAL, have been classified as loss from discontinued operations in the statements of operations and totaled $9.8 million in the third quarter of 2013, compared to a loss of $0.2 million in the third quarter of 2012. Included in the $9.8 million loss from discontinued operations in the third quarter of 2013 is $8.8 million from the loss on sale of REAL, including related direct expenses to date.

Underwriting Results by Segment
Reinsurance Segment
Below is a summary of the underwriting results and ratios for our Reinsurance segment followed by an analysis of our catastrophe unit and specialty reinsurance unit underwriting results and ratios:

Reinsurance segment overview			
Three months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Gross premiums written	$142,695	$107,637	$35,058
Net premiums written	$88,097	$78,164	$9,933
Net premiums earned	$247,461	$230,359	$17,102
Net claims and claim expenses incurred	34,417	47,080	(12,663)
Acquisition expenses	28,740	18,258	10,482
Operational expenses	31,876	30,856	1,020
Underwriting income	$152,428	$134,165	$18,263
Net claims and claim expenses incurred – current accident year	$43,268	$64,488	$(21,220)
Net claims and claim expenses incurred – prior accident years	(8,851)	(17,408)	8,557
Net claims and claim expenses incurred – total	$34,417	$47,080	$(12,663)
Net claims and claim expense ratio – current accident year	17.5%	28.0%	(10.5)%
Net claims and claim expense ratio – prior accident years	(3.6)%	(7.6)%	4.0%
Net claims and claim expense ratio – calendar year	13.9%	20.4%	(6.5)%
Underwriting expense ratio	24.5%	21.4%	3.1%
Combined ratio	38.4%	41.8%	(3.4)%

Reinsurance Segment Gross Premiums Written – Gross premiums written in our Reinsurance segment increased by $35.1 million, or 32.6%, to $142.7 million in the third quarter of 2013, compared to $107.6 million in the third quarter of 2012, as a result of:

- a $22.2 million increase in the Company's specialty unit, primarily due to higher quota share premiums in RenaissanceRe Specialty Risks; and
- a $12.8 million increase in the Company's catastrophe unit primarily reflecting additional quota share premium.

Our Reinsurance segment premiums are prone to significant volatility due to the timing of contract inception and also due to the business being characterized by a relatively small number of relatively large transactions. In addition, our property catastrophe reinsurance gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium as we have found business derived from exposures in Europe and the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably including U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes.

Reinsurance Segment Ceded Premiums Written – Ceded premiums written in our Reinsurance segment increased by $25.1 million to $54.6 million in the third quarter of 2013, compared to $29.5 million in the third quarter of 2012, primarily reflecting a number of new ceded transactions entered into during the third quarter of 2013 in our catastrophe unit, including with Mona Lisa Re, a Bermuda domiciled SPI which provides reinsurance capacity to subsidiaries of RenaissanceRe, namely Renaissance Reinsurance and DaVinci, through reinsurance agreements which are collateralized and funded by Mona Lisa Re through the issuance of one or more series of principal at-risk variable risk notes to third-party investors.

Reinsurance Segment Underwriting Results – Our Reinsurance segment generated underwriting income of $152.4 million in the third quarter of 2013, compared to $134.2 million in the third quarter of 2012, an increase of $18.3 million. In the third quarter of 2013, our Reinsurance segment generated a net claims and claim expense ratio of 13.9%, an underwriting expense ratio of 24.5% and a combined ratio of 38.4%, compared to 20.4%, 21.4% and 41.8%, respectively, in the third quarter of 2012.

The $18.3 million increase in the Reinsurance segment's underwriting result and 3.4 percentage point decrease in the combined ratio was principally due to a $21.2 million decrease in current accident year net claims and claim expenses as a result of a relatively light catastrophe loss quarter and a $17.1 million increase in net premiums earned primarily due to higher gross premiums written in the Reinsurance segment during the preceding twelve months, partially offset by a $10.5 million increase in acquisition expenses and an $8.6 million decrease in favorable development on prior accident years net claims and claim expenses. During the third quarter of 2012, Hurricane Isaac had a net negative impact of $23.1 million, or 12.3 percentage points, on our Reinsurance segment's underwriting result and combined ratio, respectively. In addition, current accident year net claims and claim expenses in the third quarter of 2012 included $16.0 million of estimated ultimate losses related to potential exposure to LIBOR related claims attributable to the then current accident year.

Our Reinsurance segment prior year reserves experienced $8.9 million and $17.4 million of net favorable development in the third quarter of 2013 and 2012, respectively. The favorable development on prior year reserves in the third quarter of 2013 included $6.1 million of favorable development related to our catastrophe reinsurance unit and $2.7 million of favorable development related to our specialty reinsurance unit, as discussed below in the underwriting results of the catastrophe and specialty units, respectively.

We have entered into joint ventures and specialized quota share cessions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled $19.0 million and $20.6 million in the third quarter of 2013 and 2012, respectively, and resulted in a corresponding decrease to the Reinsurance segment underwriting expense ratio of 7.7% and 8.9%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest – DaVinciRe. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Reinsurance segment was $33.5 million and $35.5 million in the third quarter of 2013 and 2012, respectively.

Catastrophe

Below is a summary of the underwriting results and ratios for our catastrophe unit:

Catastrophe unit overview			
Three months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Property catastrophe gross premiums written			
Renaissance	$55,849	$44,699	$11,150
DaVinci	26,690	25,006	1,684
Total property catastrophe gross premiums written	$82,539	$69,705	$12,834
Net premiums written	$32,380	$40,935	$(8,555)
Net premiums earned	$184,416	$190,806	$(6,390)
Net claims and claim expenses incurred	16,897	11,518	5,379
Acquisition expenses	14,049	12,272	1,777
Operational expenses	24,573	24,185	388
Underwriting income	$128,897	$142,831	$(13,934)
Net claims and claim expenses incurred – current accident year	$23,041	$29,460	$(6,419)
Net claims and claim expenses incurred – prior accident years	(6,144)	(17,942)	11,798
Net claims and claim expenses incurred – total	$16,897	$11,518	$5,379
Net claims and claim expense ratio – current accident year	12.5%	15.4%	(2.9)%
Net claims and claim expense ratio – prior accident years	(3.3)%	(9.4)%	6.1%
Net claims and claim expense ratio – calendar year	9.2%	6.0%	3.2%
Underwriting expense ratio	20.9%	19.1%	1.8%
Combined ratio	30.1%	25.1%	5.0%

Catastrophe Reinsurance Gross Premiums Written – In the third quarter of 2013, our catastrophe reinsurance gross premiums written increased by $12.8 million, or 18.4%, to $82.5 million, compared to $69.7 million in the third quarter of 2012, primarily reflecting additional quota share premium.

Our property catastrophe reinsurance gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium, as we have found business derived from exposures in Europe or the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably including U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes. Our property catastrophe reinsurance gross premiums written in force at September 30, 2013 reflected a relatively larger proportion of quota share reinsurance compared to excess of loss reinsurance than in more recent comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will vary in the future. Quota share business typically has relatively higher premiums per unit of expected underwriting income than traditional excess of loss reinsurance, particularly business that is heavily catastrophe exposed. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Our underwriting determination to support additional quota share capacity in 2013 reflected, in part, an assessment that the underlying business written by certain of our primary insurer clients had improved on a risk-adjusted basis, making this coverage more attractive in our portfolio.

Catastrophe Reinsurance Ceded Premiums Written – Ceded premiums written in our catastrophe unit increased $21.4 million to $50.2 million in the third quarter of 2013, compared to $28.8 million in the third quarter of 2012, reflecting a number of new ceded transactions entered into during the third quarter of 2013, including premium ceded to Mona

Lisa Re, as discussed above.

Catastrophe Reinsurance Underwriting Results – Our catastrophe unit generated underwriting income of $128.9 million in the third quarter of 2013, compared to $142.8 million in the third quarter of 2012, a decrease of $13.9 million. In the third quarter of 2013, our catastrophe unit generated a net claims and claim expense ratio of 9.2%, an underwriting expense ratio of 20.9% and a combined ratio of 30.1%, compared to 6.0%, 19.1% and 25.1%, respectively, in the third quarter of 2012.

The $13.9 million decrease in the catastrophe unit's underwriting result and 5.0 percentage point increase in the combined ratio was primarily a result of an $11.8 million decrease in favorable development on prior accident years net claims and claim expenses and a $6.4 million decrease in net premiums earned, partially offset by lower current accident year net claims and claims expenses due to a relatively light catastrophe loss quarter. The decrease in net premiums earned was due to the timing of earned premiums and increased ceded premiums discussed above. During the third quarter of 2012, Hurricane Isaac had a net negative impact of $23.1 million, or 16.3 percentage points, on our catastrophe unit's underwriting result and combined ratio, respectively.

During the third quarter of 2013, we experienced $6.1 million of favorable development on prior year reserves within the catastrophe unit, compared to $17.9 million in the third quarter of 2012, primarily due to $4.7 million and $2.0 million of favorable development related to a reduction in the expected ultimate net loss for the 2008 Hurricanes, Gustav and Ike, and the Tohoku Earthquake, respectively, as reported claims on these events came in better than expected.

The favorable development of $17.9 million in the third quarter of 2012 was primarily due to $16.3 million of favorable development related to reductions in the expected ultimate losses for the 2008 Hurricanes and $10.4 million of favorable development related to a number of small catastrophes, partially offset by adverse development of $8.7 million associated with an increase in reported gross ultimate losses on the Tohoku Earthquake from certain cedants.

Specialty

Below is a summary of the underwriting results and ratios for our specialty reinsurance unit:

Specialty unit overview			
Three months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Specialty gross premiums written			
Renaissance	$60,156	37,932	$22,224
Total specialty gross premiums written	$60,156	$37,932	$22,224
Net premiums written	$55,717	$37,229	$18,488
Net premiums earned	$63,045	$39,553	$23,492
Net claims and claim expenses incurred	17,520	35,562	(18,042)
Acquisition expenses	14,691	5,986	8,705
Operational expenses	7,303	6,671	632
Underwriting income (loss)	$23,531	$(8,666)	$32,197
Net claims and claim expenses incurred – current accident year	$20,227	$35,028	$(14,801)
Net claims and claim expenses incurred – prior accident years	(2,707)	534	(3,241)
Net claims and claim expenses incurred – total	$17,520	$35,562	$(18,042)
Net claims and claim expense ratio – current accident year	32.1%	88.6%	(56.5)%
Net claims and claim expense ratio – prior accident years	(4.3)%	1.3%	(5.6)%
Net claims and claim expense ratio – calendar year	27.8%	89.9%	(62.1)%
Underwriting expense ratio	34.9%	32.0%	2.9%
Combined ratio	62.7%	121.9%	(59.2)%

Specialty Reinsurance Gross Premiums Written – In the third quarter of 2013, our specialty reinsurance gross premiums written increased $22.2 million, or 58.6%, to $60.2 million, compared to $37.9 million in the third quarter of 2012, primarily due to a number of new contracts written by RenaissanceRe Specialty.

Specialty Reinsurance Underwriting Results – Our specialty unit generated underwriting income of $23.5 million in the third quarter of 2013, compared to an underwriting loss of $8.7 million in the third quarter of 2012. In the third quarter of 2013, our specialty unit generated a net claims and claim expense ratio of 27.8%, an underwriting expense ratio of 34.9% and a combined ratio of 62.7%, compared to 89.9%, 32.0% and 121.9%, respectively, in the third quarter of 2012.

The $32.2 million increase in underwriting income is primarily due to a $23.5 million increase in net premiums earned as a result of the growth in gross premiums written over the prior twelve months and a $14.8 million decrease in current accident year net claims and claim expenses, partially offset by a $8.7 million increase in acquisition expenses. The increase in acquisition expenses is primarily due to higher net premiums earned and as a result of the mix of business being written by RenaissanceRe Specialty which generally has higher acquisition expenses than the business traditionally written by the Company.

Current accident year net claims and claim expenses in the third quarter of 2013 of $20.2 million were principally the result of the application of our formulaic actuarial reserving methodologies for establishing incurred but not reported reserves for net claims and claim expenses. Current accident year net claims and claim expenses in the third quarter of 2012 of $35.0 million were principally comprised of $16.0 million related to estimated ultimate losses related to potential exposure to LIBOR related claims attributable to the then current accident year, with the remainder due to the application of our formulaic actuarial reserving methodologies for establishing incurred but not reported reserves for net claims and claim expenses.

The favorable development of $2.7 million in the third quarter of 2013 was primarily driven by reported claims coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology, compared to adverse development of $0.5 million in the third quarter of 2012.

Lloyd’s Segment

Below is a summary of the underwriting results and ratios for our Lloyd’s segment:

Lloyd’s segment overview		
Three months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Lloyd’s gross premiums written			
Specialty	$36,545	$26,455	$10,090
Catastrophe	3,409	2,267	1,142
Total Lloyd’s gross premiums written	$39,954	$28,722	$11,232
Net premiums written	$39,014	$26,982	$12,032
Net premiums earned	$47,150	$32,375	$14,775
Net claims and claim expenses incurred	28,175	26,331	1,844
Acquisition expenses	8,938	6,051	2,887
Operational expenses	12,559	11,532	1,027
Underwriting loss	$(2,522)	$(11,539)	$9,017
Net claims and claim expenses incurred – current accident year	$24,886	$29,051	$(4,165)
Net claims and claim expenses incurred – prior accident years	3,289	(2,720)	6,009
Net claims and claim expenses incurred – total	$28,175	$26,331	$1,844
Net claims and claim expense ratio – current accident year	52.8%	89.7%	(36.9)%
Net claims and claim expense ratio – prior accident years	7.0%	(8.4)%	15.4%
Net claims and claim expense ratio – calendar year	59.8%	81.3%	(21.5)%
Underwriting expense ratio	45.5%	54.3%	(8.8)%
Combined ratio	105.3%	135.6%	(30.3)%

Lloyd’s Gross Premiums Written – Gross premiums written in our Lloyd's segment increased by $11.2 million, or 39.1%, to $40.0 million in the third quarter of 2013, compared to $28.7 million in the third quarter of 2012, primarily due to Syndicate 1458 continuing to organically grow its book of business across several of its lines of business.

Lloyd’s Underwriting Results – Our Lloyd's segment generated an underwriting loss of $2.5 million and a combined ratio of 105.3% in the third quarter of 2013, compared to an underwriting loss of $11.5 million and a combined ratio of 135.6%, respectively, in the third quarter of 2012.

Our Lloyd's segment experienced current accident year net claims and claim expenses of $24.9 million in the third quarter of 2013, compared to $29.1 million in the third quarter of 2012, which principally includes attritional loss activity.
The decrease in the underwriting expense ratio to 45.5% in the third quarter of 2013, from 54.3% in the third quarter of 2012, was primarily driven by the increase in net premiums earned without a corresponding increase in operational expenses.
Net Investment Income

Three months ended September 30,	2013	2012	Change
(in thousands)			
Fixed maturity investments	$24,423	$25,741	$(1,318)
Short term investments	563	236	327
Equity investments trading	706	181	525
Other investments			
Hedge funds and private equity investments	14,179	10,383	3,796
Other	22,735	12,735	10,000
Cash and cash equivalents	47	63	(16)
	62,653	49,339	13,314
Investment expenses	(2,722)	(3,204)	482
Net investment income	$59,931	$46,135	$13,796

Net investment income was $59.9 million in the third quarter of 2013, compared to $46.1 million in the third quarter of 2012. The $13.8 million increase in net investment income was principally due to an increase in the fair value of our investment in Essent included in other investments, and improved returns in our portfolio of private equity investments primarily as a result of the positive performance in public equity markets during the third quarter of 2013. Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, though recent interest rate increases have generated net realized and unrealized losses on investments while increasing our portfolio yield. We expect these developments, combined with the current composition of our investment portfolio and other factors, to constrain investment income growth for the near term. The hedge fund, private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized gains of $22.9 million in the third quarter of 2013, compared to unrealized gains of $14.0 million in the third quarter of 2012.

Net Realized and Unrealized Gains on Investments and Net Other-Than-Temporary Impairments

Three months ended September 30, (in thousands)	2013	2012	Change
Gross realized gains	$8,813	$19,891	$(11,078)
Gross realized losses	(22,241)	(2,811)	(19,430)
Net realized (losses) gains on fixed maturity investments	(13,428)	17,080	(30,508)
Net unrealized gains on fixed maturity investments trading	33,405	56,936	(23,531)
Net realized and unrealized gains (losses) on investments-related derivatives	3,557	(955)	4,512
Net realized gains on equity investments trading	560	—	560
Net unrealized gains on equity investments trading	4,378	2,236	2,142
Net realized and unrealized gains on investments	$28,472	$75,297	$(46,825)
Total other-than-temporary impairments	—	—	—
Portion recognized in other comprehensive income, before taxes	—	—	—
Net other-than-temporary impairments	$—	$—	$—

Our investment portfolio is structured to seek to preserve capital and provide us with a high level of liquidity. A large majority of our investments are invested in the fixed income markets and, therefore, our realized and unrealized holding gains and losses on investments are highly correlated to fluctuations in interest rates. Therefore, as interest rates decline, we will tend to have realized and unrealized gains from our investment portfolio, and as interest rates rise, we will tend to have realized and unrealized losses from our investment portfolio.

Net realized and unrealized gains on investments were $28.5 million in the third quarter of 2013, compared to gains of $75.3 million in the third quarter of 2012, a decrease of $46.8 million. This includes net unrealized gains on our fixed maturity investments trading of $33.4 million during the third quarter of 2013 decreased $23.5 million, compared to unrealized gains of $56.9 million in the third quarter of 2012. Although positive returns were generated in our fixed maturity investment portfolio during the third quarter of 2013, the decrease when compared to the third quarter of 2012 was primarily driven by significant credit spread tightening during the third quarter of 2012. In addition, average invested assets were lower in the third quarter of 2013, compared to the third quarter of 2012.

We manage our fixed maturity investments portfolio on a total return basis and from time-to-time use investments-related derivatives to change the risk profile of the investment portfolio. For example, we might reduce the duration of the portfolio by shorting interest rate futures or decrease the credit risk of the portfolio by purchasing credit derivatives. Conversely, we may also lengthen the duration of the portfolio or increase the credit risk by purchasing interest rate futures or selling credit risk derivatives, respectively. The change in fair value of our fixed maturity investment portfolio is primarily reflected in net realized and unrealized (losses) gains in our consolidated statements of operations, whereas the yield on our fixed maturity investment portfolio is reflected in net investment income.

Previously, we classified the net realized and unrealized gains (losses) from investments-related derivatives such as interest rate futures and credit derivatives in net investment income on our consolidated statement of operations. However, in order to align the net realized and unrealized (losses) gains of the majority of our fixed maturity investments portfolio with the net realized and unrealized gains (losses) of the investments-related derivatives, we reclassified the investments-related derivatives from net investment income to net realized and unrealized (losses) gains. As a result of this reclassification, included in net realized and unrealized gains on investments of $28.5 million in the third quarter of 2013, is $3.6 million of net realized and unrealized gains on investments-related derivatives, compared to the third quarter of 2012, where net realized and unrealized gains on investments of $75.3 million, included $1.0 million of net realized and unrealized losses on investments-related derivatives.

Equity in Earnings of Other Ventures

Three months ended September 30,	2013	2012	Change
(in thousands)			
Tower Hill Companies	$3,885	$1,930	$1,955
Top Layer Re	3,608	4,970	(1,362)
Other	(180)	(2,590)	2,410
Total equity in earnings of other ventures	$7,313	$4,310	$3,003

Equity in earnings of other ventures primarily represents our pro-rata share of the net income from our investments in Tower Hill Insurance Group, LLC, Tower Hill Holdings, Inc. and Tower Hill Signature Insurance Holdings, Inc. (collectively, the "Tower Hill Companies") and Top Layer Re and was $7.3 million in the third quarter of 2013, compared to $4.3 million in the third quarter of 2012. The equity in earnings from the Tower Hill Companies is recorded one quarter in arrears.

Other Income (Loss)

Three months ended September 30,	2013	2012	Change
(in thousands)			
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	30	(3,696)	3,726
Other items	621	2,643	(2,022)
Total other income	$651	$(1,053)	$1,704

In the third quarter of 2013, we generated other income of $0.7 million, compared to an other loss of $1.1 million in the third quarter of 2012.

Corporate Expenses

Three months ended September 30,	2013	2012	Change
(in thousands)			
Total corporate expenses	$4,307	$3,796	$511

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses increased $0.5 million to $4.3 million in the third quarter of 2013, compared to $3.8 million in the third quarter of 2012.

Net Income Attributable to Noncontrolling Interests

Three months ended September 30,	2013	2012	Change
(in thousands)			
Net income attributable to noncontrolling interests	$(44,331)	$(51,083)	$6,752

Our net income attributable to the noncontrolling interests was $44.3 million in the third quarter of 2013, compared to $51.1 million in the third quarter of 2012. The $6.8 million change is primarily due to lower net income in DaVinciRe, principally driven by lower investment income, and an increase in our ownership in DaVinciRe from 31.5% at September 30, 2012 to 32.9% at September 30, 2013, consequently reducing net income attributable to noncontrolling interests. We expect our ownership in DaVinciRe to fluctuate over time.

Loss from Discontinued Operations

Three months ended September 30, (in thousands)	2013	2012	Change
Loss from discontinued operations	$(9,779)	$(166)	$(9,613)

Loss from discontinued operations was $9.8 million in the third quarter of 2013, compared to a loss of $0.2 million in the third quarter of 2012. Included in the $9.8 million loss from discontinued operations in the third quarter of 2013 is $8.8 million from the loss on sale of REAL, including related direct expenses to date.

SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012.

Nine months ended September 30,	2013	2012	Change
(in thousands, except per share amounts and percentages)			
Statement of operations highlights			
Gross premiums written	$1,521,290	$1,467,846	$53,444
Net premiums written	1,123,163	1,025,240	97,923
Net premiums earned	857,861	785,704	72,157
Net claims and claim expenses incurred	192,141	138,318	53,823
Underwriting income	437,798	447,174	(9,376)
Net investment income	129,296	126,725	2,571
Net realized and unrealized (losses) gains on investments	(26,788)	150,982	(177,770)
Income from continuing operations	510,904	714,462	(203,558)
Income (loss) from discontinued operations	2,422	(25,505)	27,927
Net income	513,326	688,957	(175,631)
Net income available to RenaissanceRe common shareholders	397,020	524,359	(127,339)
Income from continuing operations available to RenaissanceRe common shareholders per common share – diluted	$8.79	$10.75	$(1.96)
Income (loss) from discontinued operations per common share – diluted	0.05	(0.51)	0.56
Net income available to RenaissanceRe common shareholders per common share – diluted	$8.84	$10.24	$(1.40)
Dividends per common share	$0.84	$0.81	$0.03
Key ratios			
Net claims and claim expense ratio – current accident year	30.8%	33.1%	(2.3)%
Net claims and claim expense ratio – prior accident years	(8.4)%	(15.5)%	7.1%
Net claims and claim expense ratio – calendar year	22.4%	17.6%	4.8%
Underwriting expense ratio	26.6%	25.5%	1.1%
Combined ratio	49.0%	43.1%	5.9%
Return on average common equity - annualized	16.6%	21.7%	(5.1)%

Book value	September 30, 2013	December 31, 2012	Change
Book value per common share	$74.58	$68.14	$6.44
Accumulated dividends per common share	12.84	12.00	0.84
Book value per common share plus accumulated dividends	$87.42	$80.14	$7.28
Change in book value per common share plus change in accumulated dividends	10.7%		

Balance sheet highlights	September 30, 2013	December 31, 2012	Change
Total assets	$8,353,955	$7,928,628	$425,327

Total shareholders’ equity attributable to RenaissanceRe	$3,710,714	$3,503,065	$207,649

Net income available to RenaissanceRe common shareholders was $397.0 million in the first nine months of 2013, compared to $524.4 million in the first nine months of 2012, a decrease of $127.3 million. As a result of our net income available to RenaissanceRe common shareholders in the first nine months of 2013, we generated an annualized return on average common equity of 16.6% and our book value per common share increased from $68.14 at December 31, 2012 to $74.58 at September 30, 2013, a 10.7% increase, after considering the change in accumulated dividends paid to our common shareholders.

The most significant events affecting our financial performance during the first nine months of 2013, on a comparative basis to the first nine months of 2012, include:

- Lower Investment Results - net realized and unrealized losses of $26.8 million in the first nine months of 2013, deteriorated $177.8 million from net realized and unrealized gains of $151.0 million in the first nine months of 2012. The deterioration was driven by the Company's fixed maturity investment portfolio as a result of a rising interest rate environment in the first nine months of 2013, compared to significant contraction in credit spreads yielding positive returns from our fixed maturity investment portfolio in the first nine months of 2012; and
- Lower Underwriting Results - our underwriting income of $437.8 million in the first nine months of 2013 decreased $9.4 million from $447.2 million in the first nine months of 2012. The decrease in underwriting income was primarily driven by a decrease of $49.9 million in favorable development on prior accident years net claims and claim expenses, as discussed below, a $20.3 million increase in acquisition expenses primarily in the specialty unit and Lloyd's segment due to increased gross premiums written, and a $3.9 million increase in current accident year net claims and claim expenses principally due to the European Floods and May 2013 U.S. Tornadoes, partially offset by a $72.2 million increase in net premiums earned due to a combination of higher gross premiums written during the preceding twelve months and a decrease in ceded premiums written principally within the Company's catastrophe unit, as discussed below; partially offset by
- Net Income Attributable to Noncontrolling Interests - our net income attributable to noncontrolling interests was $97.0 million in the first nine months of 2013, compared to $138.3 million in the first nine months of 2012, a decrease of $41.4 million, principally due to lower investment income in DaVinciRe, and an increase in the Company's ownership percentage in DaVinciRe from 31.5% at September 30, 2012 to 32.9% at September 30, 2013, consequently reducing net income attributable to noncontrolling interests; and
- Income from Discontinued Operations - our income from discontinued operations was $2.4 million in the first nine months of 2013. Included in income from discontinued operations of $2.4 million in the first nine months of 2013 is $8.8 million from the loss on sale of REAL, including related direct expenses to date. In comparison, the loss from discontinued operations of $25.5 million in the first nine months of 2012, was primarily due to our former weather and energy risk management operations now classified as discontinued operations experiencing trading losses driven by unusually warm weather experienced in parts of the United Kingdom and the United States during the first quarter of 2012.

Net Negative Impact of the European Floods and May 2013 U.S. Tornadoes

Net negative impact from the European Floods and May 2013 U.S. Tornadoes includes the sum of estimates of net claims and claim expenses incurred, earned reinstatement premiums assumed and ceded, profit commissions and redeemable noncontrolling interest. Our estimates are based on a review of our potential exposures, preliminary discussions with certain counterparties and catastrophe modeling techniques. Given the magnitude and recent occurrence of these events, delays in receiving claims data, the contingent nature of business interruption and other exposures, potential uncertainties relating to reinsurance recoveries and other uncertainties inherent in loss estimation, meaningful uncertainty remains regarding losses from these events. Accordingly, our actual net negative impact from these events will vary from these preliminary estimates, perhaps materially so. Changes in these estimates will be recorded in the period in which they occur.

See the financial data below for additional information detailing the net negative impact of the European Floods and May 2013 U.S. Tornadoes on our consolidated financial statements for the nine months ended September 30, 2013.

Nine months ended September 30, 2013	European Floods	May 2013 U.S. Tornadoes	Total
(in thousands, except percentages)			
Net claims and claim expenses incurred	$(30,378)	$(26,271)	$(56,649)
Reinstatement premiums earned	6,666	3,157	9,823
Profit commissions	85	374	459
Net negative impact on underwriting result	$(23,627)	$(22,740)	(46,367)
Redeemable noncontrolling interest	3,621	3,968	7,589
Net negative impact	$(20,006)	$(18,772)	$(38,778)
Percentage point impact on consolidated combined ratio	3.2	2.9	6.1
Net impact on Reinsurance segment underwriting result	$(19,647)	$(21,723)	$(41,370)
Net impact on Lloyd's segment underwriting result	(3,980)	(1,017)	(4,997)
Net impact on underwriting result	$(23,627)	$(22,740)	$(46,367)

Underwriting Results by Segment

Reinsurance Segment

Below is a summary of the underwriting results and ratios for our Reinsurance segment followed by an analysis of our catastrophe unit and specialty reinsurance unit underwriting results and ratios:

Reinsurance segment overview Nine months ended September 30, (in thousands, except percentages)	2013	2012	Change
Gross premiums written	$1,339,263	$1,334,438	$4,825
Net premiums written	$963,169	$916,171	$46,998
Net premiums earned	$730,610	$698,473	$32,137
Net claims and claim expenses incurred	126,243	90,892	35,351
Acquisition expenses	70,005	57,742	12,263
Operational expenses	96,745	93,246	3,499
Underwriting income	$437,617	$456,593	$(18,976)
Net claims and claim expenses incurred – current accident year	$192,569	$196,263	$(3,694)
Net claims and claim expenses incurred – prior accident years	(66,326)	(105,371)	39,045
Net claims and claim expenses incurred – total	$126,243	$90,892	$35,351
Net claims and claim expense ratio – current accident year	26.4%	28.1%	(1.7)%
Net claims and claim expense ratio – prior accident years	(9.1)%	(15.1)%	6.0%
Net claims and claim expense ratio – calendar year	17.3%	13.0%	4.3%
Underwriting expense ratio	22.8%	21.6%	1.2%
Combined ratio	40.1%	34.6%	5.5%

Reinsurance Segment Gross Premiums Written – Gross premiums written in our Reinsurance segment increased by $4.8 million, or 0.4%, to $1,339.3 million in the first nine months of 2013, compared to $1,334.4 million in the first nine months of 2012, as a result of:

- a $25.3 million increase in the Company's specialty unit, primarily due to a number of new contracts and higher renewal rates in certain lines of business, including in RenaissanceRe Specialty Risks; and partially offset by
- a $20.4 million decrease in the Company's catastrophe unit primarily reflecting reduced risk-adjusted pricing in the Florida market as a whole and the non-renewal of a number of contracts during the January and June renewals, partially offset by net positive reinstatement premiums written of $9.8 million during the first nine months of 2013 as a result of the European Floods and May 2013 U.S. Tornadoes (compared to net negative reinstatement premiums written of $23.3 million in the first nine months of 2012 related to the 2011 New Zealand Earthquake, the Tohoku Earthquake and Hurricane Isaac), and $50.9 million of gross premiums written related to increased quota share premium in the first nine months of 2013.

Excluding the impact of the $9.8 million of positive reinstatement premiums written and $23.3 million of negative reinstatement premiums written in the first nine months of 2013 and 2012, respectively, as discussed above, gross premiums written decreased $28.3 million, or 2.1%, primarily due to the reduction in gross premiums written in the catastrophe unit, also discussed above.

Our Reinsurance segment premiums are prone to significant volatility due to the timing of contract inception and also due to the business being characterized by a relatively small number of relatively large transactions. In addition, our property catastrophe reinsurance gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium as we have found business derived from exposures in Europe and the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably including U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes.

Reinsurance Segment Ceded Premiums Written – Ceded premiums written in our Reinsurance segment decreased $42.2 million to $376.1 million in the first nine months of 2013, compared to $418.3 million in the first nine months of 2012, primarily reflecting the non-renewal of a number of transactions when we constructed our portfolio during the June renewals, thereby retaining more of the attractive risks given the current market conditions, and the non-renewal of Tim Re III which resulted in $37.7 million of ceded premiums written in the first nine months of 2012, partially offset by the inception of new contracts and the external cession of $37.5 million of premium related to Upsilon Re II during the first nine months of 2013.

Reinsurance Segment Underwriting Results – Our Reinsurance segment generated underwriting income of $437.6 million in the first nine months of 2013, compared to $456.6 million in the first nine months of 2012, a decrease of $19.0 million. In the first nine months of 2013, our Reinsurance segment generated a net claims and claim expense ratio of 17.3%, an underwriting expense ratio of 22.8% and a combined ratio of 40.1%, compared to 13.0%, 21.6% and 34.6%, respectively, in the first nine months of 2012.

The $19.0 million decrease in the Reinsurance segment's underwriting result and 5.5 percentage point increase in the combined ratio was primarily a result of a $39.0 million decrease in favorable development of prior accident years net claims and claim expenses, as discussed below, and a $12.3 million increase in acquisition expenses primarily driven by increased gross premiums written in the specialty unit, partially offset by an increase in net premiums earned of $32.1 million driven by the decrease in ceded premiums written, noted above.

Included in current accident year net claims and claim expenses for the the first nine months of 2013 is$21.7 million and $19.6 million of underwriting losses related to the May 2013 U.S. Tornadoes and European Floods, respectively, During the first nine months of 2012, Hurricane Isaac had a net negative impact of $23.1 million, or 4.0 percentage points, on our Reinsurance segment's underwriting result and combined ratio, respectively. In addition, current accident year net claims and claim expenses in the first nine months of 2012 included $16.0 million of estimated ultimate losses related to potential exposure to LIBOR related claims attributable to the current accident year.

Our Reinsurance segment prior year reserves experienced $66.3 million and $105.4 million of net favorable development in the first nine months of 2013 and 2012, respectively. The favorable development on prior year reserves in the first nine months of 2013 included $43.1 million of favorable development related to our catastrophe reinsurance unit and $23.3 million of favorable development related to our specialty reinsurance unit, as discussed below in the underwriting results of the catastrophe and specialty units, respectively.

We have entered into joint ventures and specialized quota share cessions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled $59.3 million and $57.5 million in the first nine months of 2013 and 2012, respectively, and resulted in a corresponding decrease to the Reinsurance segment underwriting expense ratio of 8.1% and 8.2%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest – DaVinciRe. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Reinsurance segment was $101.6 million and $102.7 million in the first nine months of 2013 and 2012, respectively.

Catastrophe

Below is a summary of the underwriting results and ratios for our catastrophe unit:

Catastrophe unit overview			
Nine months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Property catastrophe gross premiums written			
Renaissance	$733,928	$720,220	$13,708
DaVinci	404,310	438,463	(34,153)
Total property catastrophe gross premiums written	$1,138,238	$1,158,683	$(20,445)
Net premiums written	$774,585	$747,684	$26,901
Net premiums earned	$571,550	$576,498	$(4,948)
Net claims and claim expenses incurred	72,520	27,780	44,740
Acquisition expenses	37,866	41,436	(3,570)
Operational expenses	74,287	72,758	1,529
Underwriting income	$386,877	$434,524	$(47,647)
Net claims and claim expenses incurred – current accident year	$115,586	$113,864	$1,722
Net claims and claim expenses incurred – prior accident years	(43,066)	(86,084)	43,018
Net claims and claim expenses incurred – total	$72,520	$27,780	$44,740
Net claims and claim expense ratio – current accident year	20.2%	19.8%	0.4%
Net claims and claim expense ratio – prior accident years	(7.5)%	(15.0)%	7.5%
Net claims and claim expense ratio – calendar year	12.7%	4.8%	7.9%
Underwriting expense ratio	19.6%	19.8%	(0.2)%
Combined ratio	32.3%	24.6%	7.7%

Catastrophe Reinsurance Gross Premiums Written – In the first nine months of 2013, our catastrophe reinsurance gross premiums written decreased by $20.4 million, or 1.8%, to $1,138.2 million, compared to $1,158.7 million in the first nine months of 2012, primarily reflecting reduced risk-adjusted pricing in the Florida market as a whole and the non-renewal of a number of contracts during the January and June renewals, partially offset by net positive reinstatement premiums written of $9.8 million during the first nine months of 2013 as a result of the European Floods and May 2013 U.S. Tornadoes (compared to net negative reinstatement premiums written of $23.7 million in the first nine months of 2012 related to the 2011 New Zealand Earthquake, the Tohoku Earthquake and Hurricane Isaac), and $50.9 million of gross premiums written related to increased quota share premium in the first nine months of 2013. Excluding the impact of the $9.8 million of positive reinstatement premiums written and $23.7 million of negative reinstatement premiums written in the first nine months of 2013 and 2012, respectively, as discussed above, gross premiums written decreased $54.0 million, or 4.6% primarily due to the reduction in gross premiums written in the catastrophe unit, also discussed above.

Our property catastrophe reinsurance gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium, as we have found business derived from exposures in Europe or the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably including U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes. Our property catastrophe reinsurance gross premiums written in force at September 30, 2013 reflected a relatively larger proportion of quota share reinsurance compared to excess of loss reinsurance than in more recent comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will vary in the future. Quota share business

83

typically has relatively higher premiums per unit of expected underwriting income than traditional excess of loss reinsurance, particularly business that is heavily catastrophe exposed. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Our underwriting determination to support additional quota share capacity in the first nine months of 2013 reflected, in part, an assessment that the underlying business written by certain of our primary insurer clients had improved on a risk-adjusted basis, making this coverage more attractive in our portfolio.

Catastrophe Reinsurance Ceded Premiums Written – Ceded premiums written in our catastrophe unit decreased $47.3 million to $363.7 million in the first nine months of 2013, compared to $411.0 million in the first nine months of 2012, primarily reflecting the non-renewal of a number of transactions when we constructed our portfolio during the June renewals, thereby retaining more of the attractive risks given the current market conditions, and the non-renewal of Tim Re III which resulted in $37.7 million of ceded premiums written in the first nine months of 2012, partially offset by the inception of new contracts and the external cession of $37.5 million of premium related to Upsilon Re II during the first nine months of 2013.

Catastrophe Reinsurance Underwriting Results – Our catastrophe unit generated underwriting income of $386.9 million in the first nine months of 2013, compared to $434.5 million in the first nine months of 2012, a decrease of $47.6 million. In the first nine months of 2013, our catastrophe unit generated a net claims and claim expense ratio of 12.7%, an underwriting expense ratio of 19.6% and a combined ratio of 32.3%, compared to 4.8%, 19.8% and 24.6%, respectively, in the first nine months of 2012.

The $47.6 million decrease in the catastrophe unit's underwriting result and 7.7 percentage point increase in the combined ratio were principally due to a decrease in favorable development on prior accident years net claims and claim expenses of $43.0 million, as discussed below.

Included in underwriting results for the catastrophe unit in the first nine months of 2013 are $19.6 million and $21.7 million of underwriting losses related to the European Floods and May 2013 U.S. Tornadoes, respectively. In comparison, the first nine months of 2012 included Hurricane Isaac with underwriting losses of $23.1 million included in our catastrophe unit's underwriting result.

During the first nine months of 2013, we experienced $43.1 million of favorable development on prior year reserves within the catastrophe unit, compared to $86.1 million in the first nine months of 2012, primarily due to $12.8 million, $7.3 million and $5.2 million of favorable development related to reductions in the expected ultimate net losses for the 2008 Hurricanes, Gustav and Ike, Windstorm Kyrill of 2007 and the 2011 New Zealand Earthquake, respectively, as reported claims came in better than expected, and $26.1 million of net favorable development related to a number of other catastrophes principally the result of reported claims coming in less than expected, resulting in decreases to the ultimate claims for these events through the application of our formulaic actuarial reserving methodology. Partially offsetting the reductions noted above was adverse development of $5.9 million and $2.6 million associated with an increase in reported gross ultimate losses on a 2012 U.S. wind and thunderstorm event and Hurricane Isaac, respectively.

The favorable development of $86.1 million in the first nine months of 2012 was primarily due to $17.3 million related to the 2007 U.K Floods, $16.3 million related to the 2008 Hurricanes, $5.0 million related to the 2011 Danish Floods, $5.0 million related to the 2005 Hurricanes, $4.6 million related to Hurricane Irene, $3.9 million related to the 2011 Thailand Floods, $3.3 million related to the Tohoku Earthquake, and $5.9 million related to actuarial assumption changes, with the remainder due to better than expected claims emergence associated with a number of other catastrophes, partially offset by adverse development on the 2011 New Zealand Earthquake of $7.5 million.

Specialty

Below is a summary of the underwriting results and ratios for our specialty reinsurance unit:

Specialty unit overview			
Nine months ended September 30,	2013	2012	Change
(in thousands, except percentages)			
Specialty gross premiums written			
Renaissance	$198,340	173,255	$25,085
DaVinci	2,685	2,500	185
Total specialty gross premiums written	$201,025	$175,755	$25,270
Net premiums written	$188,584	$168,487	$20,097
Net premiums earned	$159,060	$121,975	$37,085
Net claims and claim expenses incurred	53,723	63,112	(9,389)
Acquisition expenses	32,139	16,306	15,833
Operational expenses	22,458	20,488	1,970
Underwriting income	$50,740	$22,069	$28,671
Net claims and claim expenses incurred – current accident year	$76,983	$82,399	$(5,416)
Net claims and claim expenses incurred – prior accident years	(23,260)	(19,287)	(3,973)
Net claims and claim expenses incurred – total	$53,723	$63,112	$(9,389)
Net claims and claim expense ratio – current accident year	48.4%	67.6%	(19.2)%
Net claims and claim expense ratio – prior accident years	(14.6)%	(15.9)%	1.3%
Net claims and claim expense ratio – calendar year	33.8%	51.7%	(17.9)%
Underwriting expense ratio	34.3%	30.2%	4.1%
Combined ratio	68.1%	81.9%	(13.8)%

Specialty Reinsurance Gross Premiums Written – In the first nine months of 2013, our specialty reinsurance gross premiums written increased $25.3 million, or 14.4%, to $201.0 million, compared to $175.8 million in the first nine months of 2012, primarily due to a number of new contracts and higher renewal rates across certain lines of business, including within RenaissanceRe Specialty Risks.

Specialty Reinsurance Underwriting Results – Our specialty unit generated underwriting income of $50.7 million in the first nine months of 2013, compared to $22.1 million in the first nine months of 2012. The $28.7 million increase in underwriting income is primarily due to a $37.1 million increase in net premiums earned as a result of the growth in gross premiums written over the prior twelve months and a $9.4 million decrease in net claims and claim expenses, partially offset by a $15.8 million increase in acquisition expenses due to higher net premiums earned.

In the first nine months of 2013, our specialty unit generated a net claims and claim expense ratio of 33.8%, an underwriting expense ratio of 34.3% and a combined ratio of 68.1%, compared to 51.7%, 30.2% and 81.9%, respectively, in the first nine months of 2012.

Current accident year net claims and claim expenses of $77.0 million were principally the result of the application of our formulaic actuarial reserving methodologies for establishing incurred but not reported reserves for net claims and claim expenses.

The favorable development of $23.3 million in the first nine months of 2013 was primarily driven by $10.4 million associated with actuarial assumption changes, principally in our casualty clash and casualty risk lines of business, and primarily as a result of revised claim development factors based on actual loss

experience, and $12.8 million due to reported claims coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology.

Favorable development of $19.3 million within our specialty reinsurance unit in the first nine months of 2012 included $14.4 million associated with actuarial assumption changes, principally in our casualty and medical malpractice lines of business, and primarily as a result of revised initial expected claims ratios and claim development factors due to actual experience coming in better than expected, $2.0 million favorable development on the 2005 Hurricanes and $7.9 million due to reported losses developing more favorably than expected during the first nine months of 2012 on prior accident years events, partially offset by $5.0 million of adverse development related to estimated ultimate losses related to potential exposure to LIBOR related claims.

Lloyd’s Segment

Below is a summary of the underwriting results and ratios for our Lloyd’s segment:

Lloyd’s segment overview						
Nine months ended September 30,	2013		2012		Change	
(in thousands, except percentages)						
Lloyd’s gross premiums written						
Specialty	$145,509		$98,709		$46,800	
Catastrophe	37,506		35,127		2,379	
Total Lloyd’s gross premiums written	$183,015		$133,836		$49,179	
Net premiums written	$159,581		$109,429		$50,152	
Net premiums earned	$126,862		$87,566		$39,296	
Net claims and claim expenses incurred	68,239		50,292		17,947	
Acquisition expenses	24,338		16,229		8,109	
Operational expenses	36,193		32,395		3,798	
Underwriting loss	$(1,908	)	$(11,350	)	$9,442	
Net claims and claim expenses incurred – current accident year	$71,274		$63,697		$7,577	
Net claims and claim expenses incurred – prior accident years	(3,035	)	(13,405	)	10,370	
Net claims and claim expenses incurred – total	$68,239		$50,292		$17,947	
Net claims and claim expense ratio – current accident year	56.2	%	72.7	%	(16.5	)%
Net claims and claim expense ratio – prior accident years	(2.4	)%	(15.3	)%	12.9	%
Net claims and claim expense ratio – calendar year	53.8	%	57.4	%	(3.6	)%
Underwriting expense ratio	47.7	%	55.6	%	(7.9	)%
Combined ratio	101.5	%	113.0	%	(11.5	)%

Lloyd’s Gross Premiums Written – Gross premiums written in our Lloyd's segment increased by $49.2 million, or 36.7%, to $183.0 million in the first nine months of 2013, compared to $133.8 million in the first nine months of 2012, primarily due to Syndicate 1458 continuing to organically grow its book of business across several of its lines of business.

Lloyd’s Underwriting Results – Our Lloyd's segment incurred an underwriting loss of $1.9 million and a combined ratio of 101.5% in the first nine months of 2013, compared to an underwriting loss of $11.4 million and a combined ratio of 113.0%, respectively, in the first nine months of 2012. Our Lloyd's segment experienced current accident year net claims and claim expenses of $71.3 million during the first nine months of 2013, compared to $63.7 million in the first nine months of 2012, which includes $4.0 million and

$1.0 million related to the European Floods and May 2013 U.S. Tornadoes, respectively, with the remainder primarily related to attritional loss activity.
Operational expenses increased $3.8 million to $36.2 million in the first nine months of 2013, compared to the first nine months of 2012, and principally include compensation and related operating expenses. Acquisition expenses increased $8.1 million to $24.3 million in the first nine months of 2013, compared to the first nine months of 2012, primarily due to the increase in gross premiums written in our Lloyd's segment, as discussed above. The decrease in the underwriting expense ratio to 47.7% in the first nine months of 2013, from 55.6% in the first nine months of 2012, was primarily driven by the increase in net premiums earned which increased at a higher rate than the increase in underwriting expenses.
The favorable development of $3.0 million and $13.4 million within our Lloyd's segment in the first nine months of 2013 and 2012, respectively, was primarily related to decreases in estimated ultimate losses due to reported claims coming in lower than expected on a number of prior accident years events, as a result of the application of our formulaic actuarial reserving methodology.
Net Investment Income

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Fixed maturity investments	$71,148	$75,934	$(4,786)
Short term investments	1,318	1,006	312
Equity investments trading	1,050	532	518
Other investments			
Hedge funds and private equity investments	31,296	28,443	2,853
Other	32,874	29,295	3,579
Cash and cash equivalents	108	143	(35)
	137,794	135,353	2,441
Investment expenses	(8,498)	(8,628)	130
Net investment income	$129,296	$126,725	$2,571

Net investment income was $129.3 million in the first nine months of 2013, compared to $126.7 million in the first nine months of 2012. The $2.6 million increase in net investment income was primarily driven by a $6.4 million increase related to our portfolio of other investments principally driven by higher returns in our private equity investments as a result of improved equity market prices and by an increase in the fair value of our investment in Essent included in other investments, partially offset by lower returns in our fixed maturity investment portfolio.
Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, though recent interest rate increases have generated net realized and unrealized losses on investments while increasing our portfolio yield. We expect these developments, combined with the current composition of our investment portfolio and other factors, to constrain investment income growth for the near term. The hedge fund, private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized gains of $32.6 million in the first nine months of 2013, compared to unrealized gains of $33.5 million in the first nine months of 2012.
During the first quarter of 2013, we sold substantially all of our portfolio of internally managed public equity investments trading, which was carried at fair value with dividend income included in net investment income, and realized and unrealized gains included in net realized and unrealized gains on investments, in our consolidated statements of operations.
Subsequently in the second quarter of 2013, we established a public equity securities mandate with a third party investment manager. It is possible our equity allocation will increase in the future, although we do not expect it to represent a material portion of our invested assets or to have a material effect on our financial results for the reasonably foreseeable future.

87

Net Realized and Unrealized (Losses) Gains on Investments and Net Other-Than-Temporary Impairments

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Gross realized gains	$60,437	$75,635	$(15,198)
Gross realized losses	(41,396)	(13,055)	(28,341)
Net realized gains on fixed maturity investments	19,041	62,580	(43,539)
Net unrealized (losses) gains on fixed maturity investments trading	(85,338)	83,735	(169,073)
Net realized and unrealized gains (losses) on investments-related derivatives	24,488	(2,390)	26,878
Net realized gains on equity investments trading	18,195	—	18,195
Net unrealized (losses) gains on equity investments trading	(3,174)	7,057	(10,231)
Net realized and unrealized (losses) gains on investments	$(26,788)	$150,982	$(177,770)
Total other-than-temporary impairments	—	(395)	395
Portion recognized in other comprehensive income, before taxes	—	52	(52)
Net other-than-temporary impairments	$—	$(343)	$343

Our investment portfolio is structured to seek to preserve capital and provide us with a high level of liquidity. A large majority of our investments are invested in the fixed income markets and, therefore, our realized and unrealized holding gains and losses on investments are highly correlated to fluctuations in interest rates. Therefore, as interest rates decline, we will tend to have realized and unrealized gains from our investment portfolio, and as interest rates rise, we will tend to have realized and unrealized losses from our investment portfolio.

Net realized and unrealized losses on investments were $26.8 million in the first nine months of 2013, compared to gains of $151.0 million in the first nine months of 2012, a decrease of $177.8 million. The net unrealized losses on our fixed maturity investments trading of $85.3 million during the first nine months of 2013 decreased $169.1 million, compared to unrealized gains of $83.7 million in the first nine months of 2012, primarily due to a rising interest rate environment during the first nine months of 2013, compared to the first nine months of 2012 where significant contraction in credit spreads yielded positive returns from our fixed maturity investment portfolio. In addition, realized gains on equity investments trading of $18.2 million was principally the result of the sale of substantially all of our portfolio of internally managed public equity investments trading during the first quarter of 2013.

We manage our fixed maturity investments portfolio on a total return basis and from time-to-time use investments-related derivatives to change the risk profile of the investment portfolio. For example, we might reduce the duration of the portfolio by shorting interest rate futures or decrease the credit risk of the portfolio by purchasing credit derivatives. Conversely, we may also lengthen the duration of the portfolio or increase the credit risk by purchasing interest rate futures or selling credit risk derivatives, respectively. The change in fair value of our fixed maturity investment portfolio is primarily reflected in net realized and unrealized (losses) gains in our consolidated statements of operations, whereas the yield on our fixed maturity investment portfolio is reflected in net investment income.

Previously, we classified the net realized and unrealized gains (losses) from investments-related derivatives such as interest rate futures and credit derivatives in net investment income on our consolidated statement of operations. However, in order to align the net realized and unrealized (losses) gains of the majority of our fixed maturity investments portfolio with the net realized and unrealized gains (losses) of the investments-related derivatives, we reclassified the investments-related derivatives from net investment income to net realized and unrealized (losses) gains. As a result of this reclassification, included in net realized and unrealized losses on investments of $26.8 million in the first nine months of 2013, is $24.5 million of net realized and unrealized gains on investments-related derivatives, compared to the first nine

88

months of 2012, where net realized and unrealized gains on investments of $151.0 million included $2.4 million of net realized and unrealized losses on investments-related derivatives.

Equity in Earnings of Other Ventures

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Top Layer Re	$10,462	$14,820	$(4,358)
Tower Hill Companies	7,281	4,791	2,490
Other	(823)	(2,985)	2,162
Total equity in earnings of other ventures	$16,920	$16,626	$294

Equity in earnings of other ventures primarily represents our pro-rata share of the net income from our investments in Top Layer Re and the Tower Hill Companies and was $16.9 million in the first nine months of 2013, compared to $16.6 million in the first nine months of 2012. The equity in earnings from the Tower Hill Companies is recorded one quarter in arrears.

Other Income (Loss)

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	$(2,543)	$(1,393)	$(1,150)
Other items	357	2,123	(1,766)
Total other income (loss)	$(2,186)	$730	$(2,916)

In the first nine months of 2013, we incurred an other loss of $2.2 million, compared to generating other income of $0.7 million in the first nine months of 2012.

Corporate Expenses

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Total corporate expenses	$30,318	$12,567	$17,751

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses increased to $30.3 million in the first nine months of 2013, compared to $12.6 million in the first nine months of 2012, primarily driven by the senior management transition changes announced during the second quarter of 2013.

Net Income Attributable to Noncontrolling Interests

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Net income attributable to noncontrolling interests	$(96,953)	$(138,348)	$41,395

Our net income attributable to the noncontrolling interests was $97.0 million in the first nine months of 2013, compared to $138.3 million in the first nine months of 2012. The $41.4 million change is primarily due to lower net income in DaVinciRe, principally driven by lower investment income, and an increase in our ownership in DaVinciRe from 31.5% at September 30, 2012 to 32.9% at September 30, 2013, consequently reducing net income attributable to noncontrolling interests. We expect our ownership in DaVinciRe to fluctuate over time.

Income (Loss) from Discontinued Operations

Nine months ended September 30,	2013	2012	Change
(in thousands)			
Income (loss) from discontinued operations	$2,422	$(25,505)	$27,927

Income from discontinued operations was $2.4 million in the first nine months of 2013, compared to a loss of $25.5 million in the first nine months of 2012. Included in income from discontinued operations of $2.4 million in the first nine months of 2013 is $11.2 million of income related to the operations of REAL, and partially offset by $8.8 million from the loss on sale of REAL, including related direct expenses to date. In comparison, the loss from discontinued operations of $25.5 million in the first nine months of 2012, was primarily due to REAL experiencing trading losses driven by unusually warm weather experienced in parts of the United Kingdom and the United States during the first quarter of 2012.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

RenaissanceRe is a holding company, and we therefore rely on dividends from our subsidiaries and investment income to make principal and interest payments on our debt and to make dividend payments to our preference and common shareholders.

The payment of dividends by our subsidiaries is, under certain circumstances, limited under statutory regulations and insurance law, which require our insurance subsidiaries to maintain certain measures of solvency and liquidity. In addition, Bermuda regulations require approval from the Bermuda Monetary Authority ("BMA") for any reduction of capital in excess of 15% of statutory capital, as defined in the Insurance Act. The Insurance Act also requires these Bermuda insurance subsidiaries of the Company to maintain certain measures of solvency and liquidity. At September 30, 2013, the statutory capital and surplus of our Bermuda insurance subsidiaries was $3.1 billion (December 31, 2012 - $3.1 billion) and the minimum amount required to be maintained under Bermuda law, the Minimum Solvency Margin, was $565.2 million (December 31, 2012 - $554.8 million). During the nine months ended September 30, 2013, Renaissance Reinsurance, DaVinciRe and the operating subsidiaries of RenRe Insurance Holdings Ltd. returned capital to RenaissanceRe, which included dividends declared and return of capital, net of capital contributions received of $342.1 million, $19.8 million and $Nil, respectively (2012 - $252.0 million, $123.5 million and $Nil, respectively).

Under the Insurance Act, RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S. are defined as Class 3B insurers, and Renaissance Reinsurance and DaVinci are classified as Class 4 insurers, and therefore must maintain capital at a level equal to its enhanced capital requirement ("ECR") which is established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. The BSCR is a standard mathematical model designed to give the BMA more advanced methods for determining an insurer's capital adequacy. Underlying the BSCR is the belief that all insurers should operate on an ongoing basis with a view to maintaining their capital at a prudent level in excess of the Minimum Solvency Margin otherwise prescribed under the Insurance Act. Alternatively, under the Insurance Act, insurers may, subject to the terms of the Insurance Act and to the BMA's oversight, elect to utilize an approved internal capital model to determine regulatory capital. In either case, the ECR shall at all times equal or exceed the respective Class 3B and Class 4 insurer's Minimum Solvency Margin and may be adjusted in circumstances where the BMA concludes that the insurer's risk profile deviates significantly from the assumptions underlying its ECR or the insurer's assessment of its risk management policies and practices used to calculate the ECR applicable to it. While not specifically referred to in the Insurance Act, the BMA has also established a target capital level ("TCL") for each Class 3B and Class 4 insurer equal to 120% of its respective ECR. While a Class 3B or Class 4 insurer is not currently required to maintain its statutory capital and surplus at this level, the TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased BMA regulatory oversight. The 2012 BSCR for RenaissanceRe Specialty Risks, Renaissance Reinsurance and DaVinci were filed with the BMA in advance of the respective deadline and each company exceeded its respective target level of required capital.

RenaissanceRe Corporate Capital (UK) Limited and Syndicate 1458 are subject to oversight by the Council of Lloyd's. RenaissanceRe Syndicate Management Limited is subject to regulation by the Prudential Regulation Authority and Financial Conduct Authority, under the Financial Services and Markets Act 2000. Underwriting capacity of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd's ("FAL"). This amount is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirement as calculated through its internal model. In addition, if the FAL are not sufficient to cover all losses, the Lloyd's Central Fund provides an additional level of security for policyholders. At September 30, 2013, the FAL requirement set by Lloyd's for Syndicate 1458 is £183.2 million based on its business plan, approved in November 2012 (2012 - £93.8 million based on its business plan, approved November 2011). Actual FAL posted for Syndicate 1458 at September 30, 2013 by RenaissanceRe CCL is $222.0 million and £48.0 million supported 100% by letters of credit (2012 - $118.5 million and £24.5 million).

As discussed in the "Capital Resources" section below, Renaissance Reinsurance is obligated to make a mandatory capital contribution of up to $50.0 million in the event that a loss reduces Top Layer Re's capital below a specified level.

In the aggregate, our operating subsidiaries have historically produced sufficient cash flows to meet their expected claims payments and operational expenses and to provide dividend payments to us. Our subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide additional liquidity for extraordinary claims payments should the need arise. See "Capital Resources" section below.

Cash Flows and Liquidity

Holding Company Liquidity

As a Bermuda-domiciled holding company, RenaissanceRe has no operations of its own and its assets consist primarily of investments in subsidiaries. Accordingly, RenaissanceRe's future cash flows largely depend on the availability of dividends or other statutorily permissible payments from subsidiaries. The ability to pay such dividends is limited by the applicable laws and regulations of the various countries and states in which these subsidiaries operate, including, among others, Bermuda, the U.S., Ireland, and the U.K. Refer to "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Financial Condition" for further discussion and details regarding dividend capacity of our major operating subsidiaries.

RenaissanceRe's principal uses of liquidity are: (1) common share related transactions including dividend payments to holders of its common shareholders as well as common share buybacks from time to time; (2) preference share related transactions including dividend payments to its preference shareholders as well as preference share buybacks from time to time; (3) interest and principal payments on debt; (4) capital investments in its subsidiaries; and (5) certain corporate operating expenses.

We attempt to structure our organization such that it facilitates efficient capital movements between RenaissanceRe and its operating subsidiaries and to ensure that adequate liquidity is available when required, giving consideration to applicable laws and regulations, and the domiciliary location of sources of liquidity and related obligations.

Sources of Liquidity

Historically, cash receipts from operations, consisting of premiums and investment income, generally have provided sufficient funds to pay losses as well as operating expenses of our subsidiaries and to fund dividends to RenaissanceRe. Cash receipts from operations are generally derived from the receipt of investment income on our investment portfolio as well as the net receipt of premiums less claims and claims expenses related to our underwriting activities. The Company's operating subsidiaries provide liquidity in that premiums are generally received months or even years before losses are paid under the policies related to such premiums. Premiums and acquisition expenses are settled based on terms of trade as stipulated by an underwriting contract, and generally are received within the first year of inception of a policy when the premium is written, but can be longer on certain reinsurance business assumed. Operating expenses are generally paid within a year of being incurred. Claims and claims expenses may take a much longer time before they are reported and ultimately settled, requiring the establishment of reserves for

claims and claim expenses. Therefore, the amount of claims paid in any one year is not necessarily related to the amount of net claims incurred, as reported in the consolidated statement of operations.
As a result of the combination of current market conditions, lower investment yields, and the nature of our business where a large portion of the coverages we provide can produce losses of high severity and low frequency, it is not possible to accurately predict our future cash flows from operating activities. As a consequence, cash flows from operating activities may fluctuate, perhaps significantly, between individual quarters and years. Due to the magnitude and relatively recent occurrence of certain large loss events, meaningful uncertainty remains regarding losses from these events and our actual ultimate net losses from these events may vary from preliminary estimates, perhaps materially. As a result, our cash flows from operations would be impacted accordingly.
We are a "well-known seasoned issuer" as defined by the rules promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and we maintain a "shelf" Registration Statement on Form S-3 (the "Shelf Registration Statement") under the Securities Act and are eligible to file additional automatically effective Registration Statements of Form S-3 in the future for the potential offering and sale of an unlimited amount of debt and equity securities. The Shelf Registration Statement allows for various types of securities to be offered, including, but not limited to the following: common shares, preference shares and debt securities.
In addition we maintain letter of credit facilities which provide liquidity. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Capital Resources" for details of these facilities.
Cash Flows

Nine months ended September 30,	2013	2012
(in thousands)		
Net cash provided by operating activities	$385,798	$535,666
Net cash used in investing activities	(6,675)	(343,371)
Net cash used in financing activities	(411,040)	(161,546)
Effect of exchange rate changes on foreign currency cash	3,366	1,390
Net (decrease) increase in cash and cash equivalents	(28,551)	32,139
Net (increase) decrease in cash and cash equivalents of discontinued operations	(9,244)	12,169
Cash and cash equivalents, beginning of period	304,145	181,825
Cash and cash equivalents, end of period	$266,350	$226,133

During the nine months ended September 30, 2013, our cash and cash equivalents decreased $28.6 million, to $266.4 million at September 30, 2013, compared to $304.1 million at December 31, 2012, which excludes an increase of $9.2 million in cash and cash equivalents related to discontinued operations held for sale. The following discussion of our cash flows includes the results of operations and financial position of our discontinued operations held for sale at September 30, 2013, related to the sale of REAL.
Cash flows provided by operating activities. Cash flows provided by operating activities during the nine months ended September 30, 2013 were $385.8 million, compared to $535.7 million during the nine months ended September 30, 2012. Cash flows provided by operating activities during the nine months ended September 30, 2013 were primarily the result of certain adjustments to reconcile our net income of $513.3 million to net cash provided by operating activities, including: an increase in unearned premiums of $354.6 million due to the timing of our gross premiums written; a $68.6 million increase in reinsurance balances payable due to the timing of our premiums ceded; and a reduction in reinsurance recoverable of $43.3 million primarily due to the collection of those balances; and partially offset by an increase in premiums receivable and deferred acquisition costs of $244.6 million and $51.2 million, respectively, due to gross premiums written primarily during the first nine months of 2013; a decrease in our reserve for claims and claim expenses of $195.7 million driven by the payment of claims and by favorable development on prior accident years net claims and claims expenses during the nine months ended September 30, 2013; and an

increase in our prepaid reinsurance premiums of $89.3 million due to the timing of, and increase in, our premiums ceded. As discussed under “Summary of Results of Operations”, we generated relatively lower underwriting income and investment results in the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, which contributed to the decrease in cash flows provided by operating activities. A portion of the cash provided by operating activities was used in our financing activities, as noted below.

Cash flows used in investing activities. During the nine months ended September 30, 2013, our cash flows used in investing activities were $6.7 million, principally reflecting our net purchases and maturities of fixed maturity investments of $49.4 million, net purchases of short term investments of $118.1 million and net purchase of $33.7 million pursuant to a public equity securities mandate with a third party investment manager. These purchases were partially offset by net sales of other investments of $198.1 million which principally related to the redemption of certain senior secured bank loan funds, with the proceeds being allocated to the purchase of bank loan portfolios included in our portfolio of fixed maturity investments and short term investments, as noted above.

Cash flows used in financing activities. Our cash flows used in financing activities in the nine months ended September 30, 2013 were $411.0 million, and were principally the result of the redemption of our remaining 6 million Series D Preference Shares for $150.0 million and 5 million Series C Preference Shares for $125.0 million, or a total of $275.0 million, the settlement of $140.9 million of common share repurchases, the repayment of $100.0 million of our 5.875% Senior Notes upon their scheduled maturity of February 15, 2013, the payment of $37.0 million and $19.4 million in dividends to our common and preferred shareholders, respectively, and net outflows of $116.6 million related to the return of capital to third party shareholders in DaVinciRe. Offsetting these outflows was an inflow of $265.7 million through the issuance of 11 million Series E Preference Shares, net of related offering expenses.

During the first nine months of 2012, our cash and cash equivalents increased $32.1 million, to $249.1 million at September 30, 2012, compared to $217.0 million at December 31, 2011, which excludes a decrease of $12.2 million in cash and cash equivalents related to discontinued operations held for sale. The following discussion of our cash flows includes the results of operations and financial position of our discontinued operations held for sale at September 30, 2012, related to the sale of REAL.

Cash flows provided by operating activities. Cash flows provided by operating activities during the first nine months of 2012 were $535.7 million, compared to $194.5 million in the first nine months of 2011. Cash flows provided by operating activities during the first nine months of 2012 were primarily the result of certain adjustments to reconcile our net income of $689.0 million to net cash provided by operating activities, including: an increase in unearned premiums of $370.6 million due to the timing of, and growth in, our gross premiums written; a reduction in reinsurance recoverable of $194.5 million primarily due to the collection of those balances; and a $99.3 million increase in reinsurance balances payable due to the timing of, and increase in, our premiums ceded, and partially offset by an increase in premiums receivable of $229.4 million due to gross premiums written primarily during the June renewal season; a decrease in our reserve for claims and claim expenses of $209.7 million driven by the payment of claims and by favorable development on prior accident years net claims and claims expenses during the first nine months of 2012; an adjustment for net realized and unrealized gains on fixed maturity investments of $153.4 million due to improved returns on that portfolio; and an increase in our prepaid reinsurance premiums of $131.1 million due to the timing of, and increase in, our premiums ceded.

Cash flows used in investing activities. During the first nine months of 2012, our cash flows used in investing activities were $343.4 million, principally reflecting our net investment in fixed maturity investments trading of $598.5 million, which was funded primarily by cash provided by our operating activities and net sales of short term investments of $170.2 million.

Cash flows used in financing activities. Our cash flows used in financing activities in the first nine months of 2012 were $161.5 million, and were principally the result of the settlement of $257.5 million of common share repurchases, and the payment of $40.7 million and $26.3 million in dividends to our common and preferred shareholders, respectively, partially offset by net inflows of $158.0 million related to additional third party equity capital raised during the first nine months of 2012 in our redeemable noncontrolling interest - DaVinciRe.

Reserves for Claims and Claim Expenses

93

We believe the most significant accounting judgment made by management is our estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts we sell. We establish our claims and claim expense reserves by taking claims reported to us by insureds and ceding companies, but which have not yet been paid ("case reserves"), adding the costs for additional case reserves ("additional case reserves") which represent our estimates for claims previously reported to us which we believe may not be adequately reserved as of that date, and adding estimates for the anticipated cost of claims incurred but not yet reported to us ("IBNR").
The following table summarizes our claims and claim expense reserves by line of business and split between case reserves, additional case reserves and IBNR:

At September 30, 2013	Case Reserves	Additional Case Reserves	IBNR	Total
(in thousands)				
Catastrophe	$465,221	$247,282	$211,040	$923,543
Specialty	112,003	82,795	306,792	501,590
Total Reinsurance	577,224	330,077	517,832	1,425,133
Lloyd’s	39,316	11,518	148,149	198,983
Other	17,846	2,214	39,533	59,593
Total	$634,386	$343,809	$705,514	$1,683,709
At December 31, 2012				
(in thousands)				
Catastrophe	$706,264	$222,208	$255,786	$1,184,258
Specialty	111,234	80,971	286,108	478,313
Total Reinsurance	817,498	303,179	541,894	1,662,571
Lloyd's	29,260	10,548	109,662	149,470
Other	17,016	8,522	41,798	67,336
Total	$863,774	$322,249	$693,354	$1,879,377

Our estimates of claims and claim expense reserves are not precise in that, among other matters, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of our reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer’s estimate at a point in time of its ultimate liability, and because there are numerous factors which affect reserves and claims payments that cannot be determined with certainty in advance, our ultimate payments will vary, perhaps materially, from our estimates of reserves. If we determine in a subsequent period that adjustments to our previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. During the nine months ended September 30, 2013, changes to prior year estimated claims reserves increased our net income by $71.7 million (2012 - $121.6 million), excluding the consideration of changes in reinstatement premium, profit commissions, redeemable noncontrolling interest, equity in net claims and claim expenses of Top Layer Re and income tax.
Our reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for the Company’s ultimate settlement and administration costs for claims and claim expenses. We do not calculate a range of estimates. We use this point estimate, along with paid claims and case reserves, to record our best estimate of additional case reserves and IBNR in our consolidated financial statements. Under GAAP, we are not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss.

Reserving for our reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, which among other matters, includes the time lag inherent in reporting information from the primary insurer to us or to our ceding companies and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information can be received on a monthly, quarterly or transactional basis and normally includes estimates of paid claims and case reserves. We sometimes also receive an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

Our estimates of losses from large events are based on factors including currently available information derived from the Company's claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. The uncertainty of our estimates for certain of these large events is additionally impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided thus far by industry participants and the potential for further reporting lags or insufficiencies (particularly in respect of the Chilean, 2010 New Zealand, 2011 New Zealand and Tohoku Earthquakes); and in the case of Storm Sandy and the Thailand Flooding, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance contracts and reinsurance treaties. In addition, a significant portion of the net claims and claim expenses associated with Storm Sandy and the New Zealand and Tohoku Earthquakes are concentrated with a few large clients and therefore the loss estimates for these events may vary significantly based on the claims experience of those clients. Loss reserve estimation in respect of our retrocessional contracts poses further challenges compared to directly assumed reinsurance. A significant portion of our reinsurance recoverable relates to the New Zealand and Tohoku Earthquakes. There is inherent uncertainty and complexity in evaluating loss reserve levels and reinsurance recoverable amounts, due to the nature of the losses relating to earthquake events, including that loss development time frames tend to take longer with respect to earthquake events. The contingent nature of business interruption and other exposures may also impact losses in a meaningful way, especially with regard to Storm Sandy, the Tohoku Earthquake and the Thailand Flooding, which we believe may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude and relatively recent occurrence of these large events, meaningful uncertainty remains regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In addition, our actual net losses from these events may increase if our reinsurers or other obligors fail to meet their obligations.

Because of the inherent uncertainties discussed above, we have developed a reserving philosophy which attempts to incorporate prudent assumptions and estimates, and we have generally experienced favorable net development on prior year reserves in the last several years. However, there is no assurance that this will occur in future periods

Prior Year Development of Reserve for Net Claims and Claim Expenses

We use statistical and actuarial methods to estimate ultimate expected claims and claim expenses. The period of time from the reporting of a claim to us and the settlement of our liability may be many years. During this period, additional facts and trends will be revealed. As these factors become apparent, case reserves will be adjusted, sometimes requiring an increase or decrease in the overall reserve for claims and claim expenses, and at other times requiring a reallocation of IBNR reserves to specific case reserves or additional case reserves. These estimates are reviewed regularly, and such adjustments, if any, are reflected in the results of operations in the period in which they become known and are accounted for as changes in estimates. Adjustments to our reserve for claims and claim expenses can impact current year net income (loss) by increasing net income or decreasing net loss if the estimates of prior year claims and claim expense reserves prove to be overstated or by decreasing net income or increasing net loss if the estimates of prior year claims and claim expense reserves prove to be insufficient.

Our estimates of claims and claim expenses are also based in part upon the estimation of claims resulting from natural and man-made disasters such as hurricanes, earthquakes, tsunamis, winter storms, terrorist attacks and other catastrophic events. Estimation of claims resulting from catastrophic events is inherently difficult because of the potential severity of property catastrophe claims. Additionally, we have recently increased our specialty reinsurance business but do not have the benefit of a significant amount of our own historical experience in certain of these lines. Therefore, we use both proprietary and commercially available models, as well as historical (re)insurance industry claims experience, for purposes of evaluating future trends and providing an estimate of ultimate claims costs.
Activity in the liability for unpaid claims and claim expenses is summarized as follows:

Nine months ended September 30,	2013	2012
(in thousands)		
Net reserves, beginning of period	$1,686,865	$1,588,325
Net incurred related to:		
Current year	263,843	259,960
Prior years	(71,702)	(121,642)
Total net incurred	192,141	138,318
Net paid related to:		
Current year	30,550	39,299
Prior years	313,948	114,154
Total net paid	344,498	153,453
Net reserves, end of period	1,534,508	1,573,190
Reinsurance recoverable, end of period	149,201	209,490
Gross reserves, end of period	$1,683,709	$1,782,680

The following table details our prior year development by segment of its liability for unpaid claims and claim expenses:

Nine months ended September 30,	2013	2012
(in thousands)		
Reinsurance	$(66,326)	$(105,371)
Lloyd's	(3,035)	(13,405)
Other	(2,341)	(2,866)
Total	$(71,702)	$(121,642)

Our reserving techniques, assumptions and processes differ between our property catastrophe reinsurance, specialty reinsurance and insurance businesses within our Reinsurance and Lloyd's segments. The following is a discussion of the risks we insure and reinsure, the reserving techniques, assumptions and processes we follow to estimate our claims and claim expense reserves, and our current estimates versus our initial estimates of our claims reserves, for each of these units.

Reinsurance Segment

We review substantially all of our catastrophe reinsurance claims and claim expense reserves quarterly. Our quarterly review procedures include identifying events that have occurred up to the latest balance sheet date, determining our best estimate of the ultimate expected cost to settle all claims and administrative costs associated with those new events which have arisen during the reporting period, reviewing the ultimate expected cost to settle claims and administrative costs associated with those events which occurred during previous periods, and considering new estimation techniques, such as additional actuarial methods or other statistical techniques, that can assist us in developing our best estimate. This process is judgmental in that it involves reviewing changes in paid and reported claims each period and adjusting our estimates of the ultimate expected claims for each event where there are developments that are different

from our previous expectations. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified. The level of our claims associated with certain catastrophes can be very large. For example, within our Reinsurance segment, initial estimated ultimate claims associated with the 2005 Hurricanes, Katrina, Rita and Wilma, were over $1.5 billion, the 2008 Hurricanes, Gustav and Ike, were over $530 million and the large losses of 2011 (including the 2011 New Zealand Earthquake, the Tohoku Earthquake, the 2011 U.S. Tornadoes, flooding in Australia, certain aggregate losses, Hurricane Irene and the Thailand Floods) were over $1.2 billion. As a result, small percentage changes in the estimated ultimate claims of large catastrophic events can significantly impact our reserves for claims and claim expenses in subsequent periods.
When initially developing reserving techniques for our specialty reinsurance coverages, we considered estimating reserves utilizing several actuarial techniques such as paid and reported claims development methods. We elected to use the Bornhuetter-Ferguson actuarial method because this method is appropriate for lines of business, such as our specialty reinsurance business, where there is a lack of historical claims experience. This method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively impacted by one particular year or quarter of actual paid and/or reported claims data. This method uses initial expected claims ratio expectations to the extent that claims are not paid or reported, and it assumes that past experience is not fully representative of the future. As our reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims is reflected in the respective reporting period as a change in estimate. We reevaluate our actuarial reserving techniques on a periodic basis.
We review substantially all of our specialty reinsurance claims and claim expense reserves quarterly. Typically, the quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing our overall experience by underwriting year and in the aggregate. We monitor our expected ultimate claims and claim expense ratios and expected claims reporting assumptions on a quarterly basis and compare them to our actual experience. These actuarial assumptions are generally reviewed annually, based on input from our actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for changes in the pricing and terms of coverage we provide, changes in industry standards, as well as our actual experience, to the extent we have enough data to rely on our own experience. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.

The following table details the development of our liability for unpaid claims and claim expenses for our Reinsurance segment for the nine months ended September 30, 2013 split between our catastrophe reinsurance unit and our specialty reinsurance unit and then further split between catastrophe claims and claim expenses and attritional claims and claim expenses:

Nine months ended September 30, 2013	Catastrophe Reinsurance Unit	Specialty Reinsurance Unit	Reinsurance Segment
(in thousands)			
Catastrophe claims and claim expenses			
Large catastrophe events			
Hurricanes Gustav & Ike (2008)	$12,847	$—	$12,847
Windstorm Kyrill (2007)	7,333	—	7,333
New Zealand Earthquake (2011)	5,213	—	5,213
Tohoku Earthquake and Tsunami (2011)	4,597	—	4,597
New Zealand Earthquake (2010)	(1,627)	—	(1,627)
Hurricane Isaac (2012)	(2,610)		(2,610)
Other	2,391	—	2,391
Total large catastrophe events	28,144	—	28,144
Small catastrophe events			
U.S. PCS 76 Wind and Thunderstorm (2012)	3,650	—	3,650
U.S. PCS 83 Wind and Thunderstorm (2012)	3,500	—	3,500
U.S. PCS 70 Wind and Thunderstorm (2012)	(5,850)	—	(5,850)
Other	13,622	—	13,622
Total small catastrophe events	14,922	—	14,922
Total catastrophe claims and claim expenses	$43,066	$—	$43,066
Attritional claims and claim expenses			
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$—	$12,828	$12,828
Actuarial assumption changes	—	10,432	10,432
Total attritional claims and claim expenses	$—	$23,260	$23,260
Total favorable development of prior accident years claims and claim expenses	$43,066	$23,260	$66,326

Catastrophe Reinsurance Unit

The favorable development of prior accident years claims and claim expenses within our catastrophe reinsurance unit in the nine months ended September 30, 2013 of $43.1 million was primarily due to $12.8 million, $7.3 million and $5.2 million of favorable development related to reductions in the expected ultimate net losses for the 2008 Hurricanes, Gustav and Ike, Windstorm Kyrill of 2007 and the 2011 New Zealand Earthquake, respectively, as reported claims came in better than expected, and $26.1 million of net favorable development related to a number of other catastrophes principally the result of reported claims coming in less than expected, resulting in decreases to the ultimate claims for these events through the application of our formulaic actuarial reserving methodology. Partially offsetting the reductions noted above was adverse development of $5.9 million and $2.6 million associated with an increase in reported gross ultimate losses on a 2012 U.S. wind and thunderstorm event and Hurricane Isaac, respectively.

Specialty Reinsurance Unit

The favorable development of prior accident years claims and claim expenses within our specialty reinsurance unit in the nine months ended September 30, 2013 of $23.3 million was primarily driven by $10.4 million associated with actuarial assumption changes, principally in our casualty clash and casualty risk lines of business, and primarily as a result of revised claim development factors based on actual loss experience, and $12.8 million due to reported claims coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology.

The following table details the development of our liability for unpaid claims and claim expenses for the Reinsurance segment for the nine months ended September 30, 2012 split between the catastrophe reinsurance unit and the specialty reinsurance unit and then further split between catastrophe claims and claim expenses and attritional claims and claim expenses:

Nine months ended September 30, 2012	Catastrophe Reinsurance Unit	Specialty Reinsurance Unit	Reinsurance Segment
(in thousands)			
Catastrophe claims and claim expenses			
Large catastrophe events			
U.K. Floods (2007)	$17,271	$—	$17,271
Hurricanes Gustav and Ike (2008)	16,331		16,331
Hurricanes Katrina, Rita and Wilma (2005)	4,966	2,000	6,966
Hurricane Irene (2011)	4,630	—	4,630
Thailand Floods (2011)	3,932	—	3,932
Tohoku Earthquake and Tsunami (2011)	3,299	—	3,299
New Zealand Earthquake (2011)	(7,537)	—	(7,537)
Other	2,615	—	2,615
Total large catastrophe events	45,507	2,000	47,507
Small catastrophe events			
Danish Floods (2011)	5,000	—	5,000
U.S. PCS 63 Winter Storm (2011)	2,600	—	2,600
U.S. PCS 42 Winter Storm (2011)	2,560	—	2,560
U.S. PCS 53 Winter Storm (2011)	2,307	—	2,307
Other	22,178	—	22,178
Total small catastrophe events	34,645	—	34,645
Total catastrophe claims and claim expenses	$80,152	$2,000	$82,152
Attritional claims and claim expenses			
LIBOR (2011 & Prior)	$—	$(5,000)	$(5,000)
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	—	7,888	7,888
Actuarial assumption changes	5,932	14,399	20,331
Total attritional claims and claim expenses	$5,932	$17,287	$23,219
Total favorable development of prior accident years claims and claim expenses	$86,084	$19,287	$105,371

Catastrophe Reinsurance Unit

The favorable development of prior accident years claims and claim expenses within our catastrophe reinsurance unit in the nine months ended September 30, 2012 of $86.1 million was primarily due to net reductions of $45.5 million arising from the estimated ultimate claims of large catastrophe events, including the 2007 U.K. Flooding, the 2008 Hurricanes, the 2005 Hurricanes, Hurricane Irene of 2011, the 2011

Thailand Floods and the Tohoku Earthquake, as reported claims came in better than expected. The remainder of the favorable development of prior accident years claims and claim expenses was due to a reduction in ultimate claims on a number of relatively small catastrophes, all principally the result of reported claims coming in less than expected, resulting in formulaic decreases to the ultimate claims for these events. Partially offsetting the reductions noted above was a $7.5 million increase in net claims and claim expenses from the 2011 New Zealand Earthquake primarily as a result of increased cedant gross ultimate loss estimates.

Specialty Reinsurance Unit

The favorable development of prior accident years claims and claim expenses within our specialty reinsurance unit in the nine months ended September 30, 2012 of $19.3 million includes $14.4 million associated with actuarial assumption changes, principally in our casualty and medical malpractice lines of business, and primarily as a result of revised initial expected claims ratios and claim development factors due to actual experience coming in better than expected, and $7.9 million due to reported claims coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology, partially offset by $5.0 million of adverse development for estimated ultimate losses related to potential exposure to LIBOR related claims.

Lloyd's Segment

Within our Lloyd's segment, we write property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes, a number of specialty reinsurance lines and insurance policies and quota share reinsurance that involves understanding the characteristics of the underlying insurance policy.

We use the Bornhuetter-Ferguson actuarial method to estimate claims and claim expenses within our Lloyd's segment for our property and casualty (re)insurance contracts and quota share reinsurance business. The comments discussed above relating to our reserving techniques and processes for the specialty reinsurance unit within our Reinsurance segment also apply to our Lloyd's segment. In addition, certain of our coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these claims after the event giving rise to these claims occurs, following a process that is similar to our catastrophe reinsurance unit discussed above.

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment:

Nine months ended September 30,	2013	2012
(in thousands)		
Attritional claims and claim expenses	$2,174	$7,588
Catastrophe events - other	—	3,750
Catastrophe events - property catastrophe reinsurance	861	3,352
Actuarial assumption changes	—	(1,285)
Total	$3,035	$13,405

The favorable development of prior accident years claims and claim expenses within our Lloyd's segment of $3.0 million during the nine months ended September 30, 2013 was principally due to $2.2 million related to decreases in estimated ultimate losses due to reported claims coming in lower than expected on a number of prior accident years events, as a result of the application of our formulaic actuarial reserving methodology.

The favorable development of prior accident years claims and claim expenses within our Lloyd's segment of $13.4 million during the nine months ended September 30, 2012 was principally due to decreases in estimated ultimate losses on certain specific events, including $4.0 million related to the Thailand Floods and $2.5 million related to Hurricane Irene, with the remainder due to reported claims coming in lower than expected on a number of prior accident years events, as a result of the application of our formulaic actuarial reserving methodology, partially offset by adverse development of $1.3 million due to assumption changes used in our formulaic actuarial reserving methodology.

Capital Resources
Our total capital resources are as follows:

(in thousands)	At September 30, 2013	At December 31, 2012	Change
Common shareholders' equity	$3,310,714	$3,103,065	$207,649
Preference shares	400,000	400,000	—
Total shareholders' equity attributable to RenaissanceRe	3,710,714	3,503,065	207,649
5.875% Senior Notes	—	100,000	(100,000)
5.750% Senior Notes	249,407	249,339	68
RenaissanceRe revolving credit facility – borrowed	—	—	—
RenaissanceRe revolving credit facility – unborrowed	250,000	150,000	100,000
Total capital resources	$4,210,121	$4,002,404	$207,717

During the nine months ended September 30, 2013, our capital resources increased by $207.7 million, principally due an increase in shareholders' equity as a result of our comprehensive income attributable to RenaissanceRe of $407.3 million and, as discussed below, an increase of $100.0 million in the aggregate commitment under RenaissanceRe's revolving credit facility, partially offset by the Company repaying the full $100.0 million of its outstanding 5.875% Senior Notes upon their scheduled maturity of February 15, 2013 using available cash and investments, $9.3 million of offering expenses related to the issuance of the Series E Preference Shares, as discussed below, $37.0 million of dividends on our common shares and $140.9 million of common share repurchases as discussed in more detail in "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds".

As discussed below, during May 2013, the Company raised $275.0 million through the issuance of 11 million Series E Preference Shares, and subsequently redeemed the remaining 6 million Series D Preference Shares for $150.0 million and 5 million Series C Preference Shares for $125.0 million, or a total of $275.0 million. There have been no material changes in our capital resources as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012, other than noted below.

Preference Shares

In March 2004, RenaissanceRe raised $250.0 million through the issuance of 10 million Series C Preference Shares at $25 per share; in December 2006, RenaissanceRe raised $300.0 million through the issuance of 12 million Series D Preference Shares at $25 per share; and in May 2013, RenaissanceRe raised $275.0 million through the issuance of 11 million Series E Preference Shares at $25 per share. On December 27, 2012, the Company redeemed 6 million Series D Preference Shares for $150.0 million plus accrued and unpaid dividends thereon. Following the redemption, 6 million Series D Preference Shares remained outstanding. The proceeds of the issuance of the Series E Preference Shares were used to redeem the remaining 6 million outstanding Series D Preference Shares and 5 million of the outstanding Series C Preference Shares, as discussed below.

The Series E Preference Shares and the remaining Series C Preference Shares may be redeemed at $25 per share plus certain dividends at RenaissanceRe's option on or after June 1, 2018 and March 23, 2009, respectively. Dividends on the Series C Preference Shares are cumulative from the date of original issuance and are payable quarterly in arrears at 6.08% per annum, when, if, and as declared by the Board of Directors. Dividends on the Series E Preference Shares will be payable from the date of original issuance on a non-cumulative basis, only when, as and if declared by the Board of Directors, quarterly in arrears at 5.375% per annum. Unless certain dividend payments are made on the preference shares, RenaissanceRe will be restricted from paying any dividends on its common shares. The preference shares have no stated maturity and are not convertible into any other securities of RenaissanceRe. Generally, the preference shares have no voting rights. Whenever dividends payable on the preference shares are in arrears (whether or not such dividends have been earned or declared) in an amount equivalent to dividends for six full dividend periods (whether or not consecutive), the holders of the preference shares, voting as a

single class regardless of class or series, will have the right to elect two directors to the Board of Directors of RenaissanceRe.

In May 2013, RenaissanceRe announced a mandatory redemption of the remaining 6 million of its outstanding Series D Preference Shares and on June 27, 2013 RenaissanceRe redeemed the remaining 6 million Series D Preference Shares called for redemption for $150.0 million plus accrued and unpaid dividends thereon. Following the redemption, no Series D Preference Shares remain outstanding. In addition, in May 2013, RenaissanceRe announced a mandatory partial redemption of 5 million of its outstanding Series C Preference Shares. The partial redemption was allocated by random lottery in accordance with the Depository Trust Company's rules and procedures and on June 27, 2013 RenaissanceRe redeemed the 5 million Series C Preference Shares called for redemption for $125.0 million plus accrued and unpaid dividends thereon. Following the redemption, 5 million Series C Preference Shares remain outstanding.

5.875% Senior Notes

In January 2003, the Company issued $100.0 million, which represented the carrying amount on the Company's consolidated balance sheet, of 5.875% Senior Notes due February 15, 2013, with interest on the notes payable on February 15 and August 15 of each year. The Company repaid the notes in full upon their scheduled maturity on February 15, 2013 using available cash and investments. The Company does not have current plans to replace the notes with additional indebtedness.

RenaissanceRe Revolving Credit Facility

RenaissanceRe is a party to a Credit Agreement, dated as of May 17, 2012 (the “Credit Agreement”), with various banks and financial institutions parties thereto (collectively, the “Lenders”), Wells Fargo Bank, National Association (“Wells Fargo”), as fronting bank, letter of credit administrator and administrative agent (the “Administrative Agent”) for the Lenders, and certain other agents. The Credit Agreement previously provided for commitments from the Lenders in an aggregate amount of $150.0 million, including the issuance of letters of credit for the respective accounts of RenaissanceRe and certain of RenaissanceRe's subsidiaries. Effective as of May 23, 2013, RenaissanceRe entered into a First Amendment and Joinder to Credit Agreement (the “Amendment”) with the Administrative Agent and the Lenders. Among other items, the Amendment (i) increased the aggregate commitment of the Lenders to $250.0 million, (ii) added an additional bank as a Lender, and (iii) eliminated the commitment of the Lenders to issue letters of credit. After giving effect to the Amendment, RenaissanceRe has the right, subject to certain conditions, to increase the size of the facility up to $350.0 million.

Principal Letter of Credit Facility

RenaissanceRe and certain of its affiliates, Renaissance Reinsurance, ROE, RenaissanceRe Specialty Risks and DaVinci (such affiliates, collectively, the “Account Parties”), are parties to a Fourth Amended and Restated Reimbursement Agreement, dated May 17, 2012, with various banks and financial institutions parties thereto (collectively, the “Banks”), Wells Fargo, as issuing bank, administrative agent and collateral agent for the Banks, and certain other agents (the “Reimbursement Agreement”).

The Reimbursement Agreement serves as RenaissanceRe's principal secured letter of credit facility and the commitments thereunder expire on May 17, 2015. Effective March 28, 2013, RenaissanceRe reduced the commitments under the facility from $450.0 million to $250.0 million. The reductions were implemented in connection with a reassessment of the future collateral needs of RenaissanceRe, taking into account, among other things, its access to alternative sources of credit enhancement. Prior to the expiration date of May 17, 2015, the commitments under the facility may be increased from time to time up to an amount not to exceed $600.0 million, subject to RenaissanceRe satisfying certain conditions.

At September 30, 2013, we had $188.1 million of letters of credit with effective dates on or before September 30, 2013 outstanding under the Reimbursement Agreement.

Bilateral Letter of Credit Facility ("Bilateral Facility")
Effective October 1, 2013, each of ROE and RenaissanceRe Specialty U.S. became parties to the existing Bilateral Facility provided pursuant to the facility letter, dated September 17, 2010 and amended July 14, 2011, among Citibank Europe plc ("CEP") and the existing participants: Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty Risks (the "Bilateral Facility Participants"). The Bilateral Facility provides a commitment from CEP to issue letters of credit for the account of one or more of the Bilateral Facility Participants (inclusive of ROE and RenaissanceRe Specialty U.S.) and their respective subsidiaries in multiple currencies and in an aggregate amount of up to $300.0 million, subject to a sublimit of $50.0 million for letters of credit issued for the account of RenaissanceRe Specialty U.S. The Bilateral Facility was to expire on December 31, 2013; however effective October 1, 2013, the Bilateral Facility was extended to December 31, 2014 and is evidenced by a facility letter (as amended) and five separate master agreements between CEP and each of the Bilateral Facility Participants, as well as certain ancillary agreements. At September 30, 2013, $281.9 million remained unused and available to the Bilateral Facility Participants under the Bilateral Facility.
Letters of Credit
At September 30, 2013, we had total letters of credit outstanding under all facilities of $505.8 million.
Renaissance Reinsurance is also party to a collateralized letter of credit and reimbursement agreement in the amount of $37.5 million that supports our Top Layer Re joint venture. Renaissance Reinsurance is obligated to make a mandatory capital contribution of up to $50.0 million in the event that a loss reduces Top Layer Re’s capital below a specified level.
Multi-Beneficiary Reinsurance Trusts
Effective March 15, 2011, each of Renaissance Reinsurance and DaVinci was approved as a Trusteed Reinsurer in the State of New York and established a multi-beneficiary reinsurance trust ("MBRT") to collateralize its respective (re)insurance liabilities associated with U.S. domiciled cedants. The MBRTs are subject to the rules and regulations of the State of New York and the respective deed of trust, including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Following the initial approval in the State of New York, Renaissance Reinsurance and DaVinci have submitted applications to all U.S. states to become Trusteed Reinsurers. As of September 30, 2013, Renaissance Reinsurance and DaVinci are approved in 51 and 50 U.S. states and territories, respectively. We expect, over time, to transition cedants with existing outstanding letters of credit to the appropriate MBRT as determined by cedant state of domicile, thereby reducing our absolute and relative reliance on letters of credit. Accordingly, it is our intention to seek to have new business incepting with cedants domiciled in approved states collateralized using a MBRT. Cedants collateralized with a MBRT will be eligible for automatic reinsurance credit in their respective U.S. regulatory filings. Assets held under trust at September 30, 2013 with respect to the MBRTs totaled $510.9 million and $176.6 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of $474.4 million and $155.6 million, respectively.
Multi-Beneficiary Reduced Collateral Reinsurance Trusts
Effective December 31, 2012, each of Renaissance Reinsurance and DaVinci was approved as an Accredited Reinsurer in the state of New York and established a multi-beneficiary reduced collateral reinsurance trust ("RCT") to collateralize its (re)insurance liabilities associated with U.S. domiciled cedants in certain states where Renaissance Reinsurance or DaVinci is approved as an Accredited Reinsurer, thereby providing for a reduction in collateral requirements to 20% of the net outstanding insurance liabilities. The RCTs are subject to the rules and regulations of the state of New York and the respective deed of trust, including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at September 30, 2013 with respect to the RCTs totaled $21.1 million and $18.6 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of $17.6 million and $10.9 million, respectively.

Renaissance Trading Margin Facility and Guarantees

Renaissance Trading, one of the entities acquired by Munich in the REAL transaction, maintains a brokerage facility with a leading prime broker, which has an associated margin facility of $20.0 million. This margin facility is supported by a $25.0 million guarantee issued by RenaissanceRe. Interest on amounts outstanding under this facility is at overnight LIBOR plus 200 basis points. At September 30, 2013, $1.6 million was outstanding under the facility and has been included in liabilities of discontinued operations held for sale.

At September 30, 2013, RenaissanceRe had provided guarantees in the aggregate amount of $318.8 million to certain counterparties of the weather and energy risk operations of Renaissance Trading. Although the margin facility and related guarantee issued by RenaissanceRe, along with the guarantees issued to certain counterparties of Renaissance Trading by RenaissanceRe, remained in effect at September 30, 2013, in conjunction with the purchase agreement of REAL, Munich has agreed, effective October 1, 2013, to indemnify RenaissanceRe against any liabilities, losses and damages that may arise as a result of any transaction between Renaissance Trading and a counterparty that has been provided a guarantee by RenaissanceRe.

Redeemable Noncontrolling Interest – DaVinciRe

DaVinciRe shareholders are party to a shareholders agreement (the "Shareholders Agreement") which provides DaVinciRe shareholders, excluding us, with certain redemption rights that enable each shareholder to notify DaVinciRe of such shareholder's desire for DaVinciRe to repurchase up to half of such shareholder's aggregate number of shares held, subject to certain limitations, such as limiting the aggregate of all share repurchase requests to 25% of DaVinciRe's capital in any given year and satisfying all applicable regulatory requirements. If total shareholder requests exceed 25% of DaVinciRe's capital, the number of shares repurchased will be reduced among the requesting shareholders pro-rata, based on the amounts desired to be repurchased. Shareholders desiring to have DaVinciRe repurchase their shares must notify DaVinciRe before March 1 of each year. The repurchase price will be based on GAAP book value as of the end of the year in which the shareholder notice is given, and the repurchase will be effective as of such date. Payment will be made by April 1 of the following year, following delivery of the audited financial statements for the year in which the repurchase was effective. The repurchase price is subject to a true-up for development on outstanding loss reserves after settlement of all claims relating to the applicable years.

During January 2013 DaVinciRe redeemed shares from certain DaVinciRe shareholders, including the Company, while certain other existing DaVinciRe shareholders purchased additional shares in DaVinciRe. The net redemption as a result of these transactions was $150.0 million. In connection with the redemptions, DaVinciRe retained a $20.5 million holdback. Our ownership in DaVinciRe was 30.8% at December 31, 2012 and subsequent to the above transactions, our ownership in DaVinciRe increased to 32.9% effective January 1, 2013.

Effective October 1, 2013, an existing third party shareholder sold a portion of its shares in DaVinciRe to a new third party shareholder. In addition, effective October 1, 2013, we sold a portion of our shares of DaVinciRe to the same new third party shareholder. We sold these shares for $77.4 million. Our ownership in DaVinciRe was 32.9% at September 30, 2013 and subsequent to the above transactions, our ownership interest in DaVinciRe decreased to 27.3% effective October 1, 2013. We expect our ownership in DaVinciRe to fluctuate over time.

Investments

The table below shows the aggregate amounts of our invested assets:

(in thousands, except percentages)	September 30, 2013			December 31, 2012			Change
U.S. treasuries	$1,322,367	20.5	%	$1,254,547	19.8	%	$67,820
Agencies	197,047	3.1	%	315,154	5.0	%	(118,107)
Non-U.S. government (Sovereign debt)	353,810	5.5	%	133,198	2.1	%	220,612
Non-U.S. government-backed corporate	229,687	3.6	%	349,514	5.5	%	(119,827)
Corporate	1,687,118	26.2	%	1,615,207	25.4	%	71,911
Agency mortgage-backed	436,024	6.8	%	408,531	6.4	%	27,493
Non-agency mortgage-backed	246,163	3.8	%	248,339	3.9	%	(2,176)
Commercial mortgage-backed	302,803	4.7	%	406,166	6.4	%	(103,363)
Asset-backed	14,748	0.3	%	12,954	0.2	%	1,794
Total fixed maturity investments, at fair value	4,789,767	74.5	%	4,743,610	74.7	%	46,157
Short term investments, at fair value	925,329	14.4	%	821,163	12.9	%	104,166
Equity investments trading, at fair value	113,986	1.8	%	58,186	0.9	%	55,800
Other investments, at fair value	500,770	7.8	%	644,711	10.1	%	(143,941)
Total managed investment portfolio	6,329,852	98.5	%	6,267,670	98.6	%	62,182
Investments in other ventures, under equity method	97,660	1.5	%	87,724	1.4	%	9,936
Total investments	$6,427,512	100.0	%	$6,355,394	100.0	%	$72,118

At September 30, 2013, we held investments totaling $6.4 billion, which were approximately flat compared to December 31, 2012, with net unrealized appreciation included in accumulated other comprehensive income of $4.6 million at September 30, 2013, compared to $13.6 million at December 31, 2012. Our investment guidelines stress preservation of capital, market liquidity, and diversification of risk. Notwithstanding the foregoing, our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. Refer to "Note 5. Fair Value Measurements" in our notes to the consolidated financial statements for additional information regarding the fair value of measurement of our investments.

As the reinsurance coverages we sell include substantial protection for damages resulting from natural and man-made catastrophes, we expect from time to time to become liable for substantial claim payments on short notice. Accordingly, our investment portfolio as a whole is structured to seek to preserve capital and provide a high level of liquidity which means that the large majority of our investment portfolio consists of highly rated fixed income securities, including U.S. treasuries, agencies, highly rated sovereign and supranational securities, high-grade corporate securities and mortgage-backed and asset-backed securities. The amount allocated to certain investment classes and sectors may increase or decrease over time based on a number of factors, including our efforts to optimize the risk and return profile of the investment portfolio. During the second quarter of 2013, we established a public equity securities mandate with a third party investment manager. It is possible our equity allocation will increase in the future, although we do not expect it to represent a material portion of our invested assets or to have a material effect on our financial results for the reasonably foreseeable future. In addition, we have an allocation to other investments, including hedge funds, private equity partnerships, senior secured bank loan funds and other similar investments.

Other Investments
The table below shows our portfolio of other investments:

(in thousands)	September 30, 2013	December 31, 2012	Change
Private equity partnerships	$327,245	$344,669	$(17,424)
Senior secured bank loan funds	19,395	202,929	(183,534)
Catastrophe bonds	102,141	91,310	10,831
Hedge funds	4,022	5,803	(1,781)
Miscellaneous other investment	47,967	—	47,967
Total other investments	$500,770	$644,711	$(143,941)

We account for our other investments at fair value in accordance with FASB ASC Topic Financial Instruments. The fair value of certain of our fund investments, which principally include hedge funds, private equity funds and senior secured bank loan funds, is recorded on our balance sheet in other investments, and is generally established on the basis of the net valuation criteria established by the managers of such investments, if applicable. The net valuation criteria established by the managers of such investments is established in accordance with the governing documents of such investments. Many of our fund investments are subject to restrictions on redemptions and sales which are determined by the governing documents and limit our ability to liquidate these investments in the short term. Certain of our fund managers, fund administrators, or both, are unable to provide final fund valuations as of our current reporting date. The typical reporting lag experienced by us to receive a final net asset value report is one month for hedge funds and senior secured bank loan funds and three months for private equity funds, although, in the past, in respect of certain of our private equity funds, we have on occasion experienced delays of up to six months at year end, as the private equity funds typically complete their respective year-end audits before releasing their final net asset value statements.

In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, we estimate the fair value of these funds by starting with the prior month or quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which we estimate the return for the current period, all information available to us is utilized. This principally includes preliminary estimates reported to us by our fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to us with respect to the underlying investments, reviewing various indices for similar investments or asset classes, as well as estimating returns based on the results of similar types of investments for which we have obtained reported results, or other valuation methods, where possible. Actual final fund valuations may differ, perhaps materially so, from our estimates and these differences are recorded in our statement of operations in the period in which they are reported to us as a change in estimate. Included in net investment income for the nine months ended September 30, 2013 is a loss of $3.7 million (2012 - loss of $4.7 million) representing the change in estimate during the period related to the difference between our estimated net investment income due to the lag in reporting discussed above and the actual amount as reported in the final net asset values provided by our fund managers.

Our estimate of the fair value of catastrophe bonds are based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications. Refer to "Note 5. Fair Value Measurements" in our notes to the consolidated financial statements for additional information regarding the fair value of measurement of our investments.

Miscellaneous other investment represented an investment of $48.0 million at September 30, 2013 in the common equity of Essent, a private U.S. mortgage guaranty insurance company which provides capital to lenders and investors that support financing for homeowner mortgages. At September 30, 2013 and prior periods, the fair value of Essent was included in other investments on our consolidated balance sheets and is based in part on the net asset position of Essent, as provided by Essent's management, which incorporates both actual and expected results for the current period, and is also based on a multiple of

Essent’s net asset position, subject to a liquidity discount. In estimating the fair value of Essent, we also considered various other factors such as recent financial information, the value of capital transactions with Essent, the valuation of Essent's competitors, budgets and future projections about Essent’s financial performance. During the third quarter of 2013, Essent's management filed details of its planned initial public offering of Essent's common equity and we utilized information available to us as part of the proposed initial public offering to estimate the fair value of Essent at September 30, 2013. We subsequently applied a net asset position multiple of 1.69 at September 30, 2013, and an estimated liquidity discount of 11.0% to reflect, among other things, the fact that Essent was a private company at September 30, 2013.

On October 31, 2013, Essent began publicly trading on the NYSE. Using the closing share price of Essent's common stock on November 4, 2013, the fair value of our 5.0 million common shares of Essent is $110.8 million, excluding any discount that may be applied due to the Company's lock up provision, noted below. Following the initial public offering, the Company expects its investment in Essent will be included in its portfolio of equity investments trading on its consolidated balance sheets and any realized and unrealized gains or losses related to Essent from the initial public offering price will be included in net realized and unrealized gains (losses) on investments on the Company's consolidated statements of operations in the period in which they occur. The Company has agreed, subject to certain exceptions, not to dispose of or hedge any of the shares of Essent it holds prior to April 28, 2014.

Interest income, income distributions and realized and unrealized gains (losses) on other investments are included in net investment income and resulted in $64.2 million of net investment income for the nine months ended September 30, 2013 (2012 - $57.7 million). Of this amount, $32.6 million relates to net unrealized gains (2012 - unrealized gains of $33.5 million).

We have committed capital to private equity partnerships and other investments of $681.9 million, of which $576.0 million has been contributed at September 30, 2013. Our remaining commitments to these investments at September 30, 2013 totaled $104.9 million. In the future, we may enter into additional commitments in respect of private equity partnerships or individual portfolio company investment opportunities.

EFFECTS OF INFLATION

The potential exists, after a catastrophe loss, for the development of inflationary pressures in a local economy. The anticipated effects on us are considered in our catastrophe loss models. Our estimates of the potential effects of inflation are also considered in pricing and in estimating reserves for unpaid claims and claim expenses. In addition, it is possible that the risk of general economic inflation has increased which could, among other things, cause claims and claim expenses to increase and also impact the performance of our investment portfolio. The actual effects of this potential increase in inflation on our results cannot be accurately known until, among other items, claims are ultimately settled. The onset, duration and severity of an inflationary period cannot be estimated with precision.

OFF-BALANCE SHEET AND SPECIAL PURPOSE ENTITY ARRANGEMENTS

At September 30, 2013, we have not entered into any off-balance sheet arrangements, as defined by Item 303(a)(4) of Regulation S-K.

CONTRACTUAL OBLIGATIONS

In the normal course of its business, the Company is a party to a variety of contractual obligations as summarized in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012. These contractual obligations are considered by the Company when assessing its liquidity requirements. As of September 30, 2013, there are no material changes in the Company’s contractual obligations as disclosed in the Company’s table of contractual obligations included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

In certain circumstances, our contractual obligations may be accelerated to dates other than those set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, due to defaults under the agreement governing those obligations (including pursuant to cross-default provisions in such agreement) or in connection with certain changes in control of the Company, if applicable. In addition, in connection with any such default under the agreement governing these obligations, in certain circumstances these obligations may bear an increased interest rate or be subject to penalties as a result of such a default.

CURRENT OUTLOOK

Catastrophe Exposed Market Developments

Notwithstanding the severe global catastrophic losses during 2011, the advent in late 2012 of Storm Sandy, one of the most significant insured losses on record, and the increased frequency of severe weather events during these periods in many high-insurance-penetration regions, the global insurance and reinsurance markets entered 2013 with near-record levels of industry wide capital held by private market insurers and reinsurers, and diminished growth of demand for many coverages and solutions, outside of the impacted regions and in respect of certain products and lines. During the 2013 reinsurance renewals, we believe that supply, principally from traditional market participants and complemented by alternative capital providers, more than offset market demand, resulting in a dampening of overall market pricing on a risk-adjusted basis, except for, in general, loss impacted treaties and contracts. We believe these trends accelerated during the June and July 2013 renewals, driven by both the availability of traditional and alternative capital, and uncertain estimates of the availability of additive alternative capital; which were only partially offset by capital return initiatives and modest new aggregate demand in the market. Moreover, we believe that many of the positive factors that had previously impacted market conditions have now been absorbed by the market and, we believe, are unlikely to drive further improvement in our core catastrophe-exposed markets absent significant new industry losses or other new developments. While we believe that the market evidences some indication that the increase in availability of third party capital to the traditional risk markets may be decelerating somewhat, due to factors including the softening rate environment, for the immediate future, we do not expect risk demand to out pace capital supply.

Accordingly, although the nature of the business which renews in January differs from the June and July renewal business, we currently anticipate increased pressure in the market on both premiums and risk-adjusted rates in conjunction with the January 2014 renewal season. With our continuing focus on underwriting discipline, we cannot assure that we can continue to maintain the size and portfolio quality of our aggregate book of business.

The National Oceanic and Atmospheric Administration ("NOAA"), other governmental forecasters, and a range of private sector entities which issue public forecasts had anticipated that the 2013 hurricane season, which began on June 1 and ends on November 30, was likely to be active, and potentially extremely active, in terms of storm formation. However, to date the Atlantic basin has experienced just 11 named storms, two of which have been hurricanes and none that have been major hurricanes. According to the NOAA, using the Accumulated Cyclone Energy index, 2013 so far ranks as the 7th quietest season in the past 70 years. We do not believe that this year's storm formation outcome, which was impacted by a series of factors that were unfavorable to hurricane activity, indicates any change in the widely-held consensus for enhanced levels of tropical storm risk in future periods.

General Economic Conditions

Meaningful uncertainty remains regarding the strength, duration and comprehensiveness of the economic recovery in the U.S. and our other key markets. In particular, global economic markets, including many of the key markets which we serve, may continue to be adversely impacted by the financial and fiscal instability of several European jurisdictions and, increasingly, the Eurozone market as a whole. Accordingly, we continue to believe that meaningful risk remains for continued uncertainty or disruptions in general economic and financial market conditions. Moreover, future economic growth may be only at a comparably suppressed rate for a relatively extended period of time. Declining or weak economic conditions could reduce demand for the products sold by us or our customers, or could weaken our overall ability to write business at risk-adequate rates. In addition, persistent low levels of economic activity could adversely impact other areas of our financial performance, such as by contributing to unforeseen premium

adjustments, mid-term policy cancellations or commutations, or asset devaluation. Any of the foregoing or other outcomes of a prolonged period of relative economic weakness could adversely impact our financial position or results of operations. In addition, during a period of extended economic weakness, we believe our consolidated credit risk, reflecting our counterparty dealings with customers, agents, brokers, retrocessionaires, capital providers and parties associated with our investment portfolio, among others, is likely to be increased. Several of these risks could materialize, and our financial results could be negatively impacted, even after the end of any period of economic weakness.

Moreover, we continue to monitor the risk that our principal markets will experience increased inflationary conditions, which would, among other things, cause costs related to our claims and claim expenses to increase, and impact the performance of our investment portfolio. The onset, duration and severity of an inflationary period cannot be estimated with precision. The sovereign debt crisis in Europe and the related financial restructuring efforts, among other factors, make it more difficult to predict the inflationary environment.

Our catastrophe-exposed operations are subject to the ever-present potential for significant volatility in capital due primarily to our exposure to severe catastrophic events. Our specialty reinsurance portfolio is also exposed to emerging risks arising from the ongoing relative economic weakness, including with respect to a potential increase of claims in directors and officers, errors and omissions, surety, casualty clash and other lines of business.

The continuing environment of low interest rates, as compared to past periods, has lowered the yields at which we invest our assets. We expect these developments, combined with the current composition of our investment portfolio and other factors, to continue to constrain investment income growth for the near term. In the third quarter of 2013, our investment returns were impacted by significant changes in credit spreads compared to the third quarter of 2012. In addition to impacting our reported net income, potential future losses on our investment portfolio, including potential future mark-to-market results, would adversely impact our equity capital. Moreover, as we invest cash from new premiums written or reinvest the proceeds of invested assets that mature or that we choose to sell, the yield on our portfolio is impacted by the prevailing environment of comparably low yields. While it is possible yields will improve in future periods, we currently expect the challenging economic conditions to generally persist and we are unable to predict with certainty when conditions will substantially improve, or the pace of any such improvement.

Market Conditions and Competition

Leading global intermediaries and other sources have generally reported that the U.S. casualty reinsurance market continues to reflect a relatively soft pricing environment. However, we believe that pockets of niche or specialty casualty renewals provide more attractive opportunities for stronger or well-positioned reinsurers, and that this trend may be gaining a degree of momentum in certain lines. We anticipate that persistent low investment returns and, to a degree, balance sheet issues in the broader market may favorably impact demand for coverages on terms that we find attractive. However, we cannot assure you that any increased demand will indeed materialize or that we will be successful in consummating new or expanded transactions.

As noted above, we currently anticipate a continued level of demand for our catastrophe coverages over coming periods, offset by ample and likely increasing supplies of private market capital. Renewal terms vary widely by insured account and our ability to shape our portfolio to improve its risk and return characteristics as estimated by us is subject to a range of competitive and commercial factors. While we believe that our strong relationships, and track record of superior claims paying ability and other client service will enable us to compete for the business we find attractive, we may not succeed in doing so; moreover, our relationships in emerging markets are not as developed as they are in our current core markets.

The market for our catastrophe reinsurance products is generally dynamic and volatile. The market dynamics noted above, increased or decreased catastrophe loss activity, and changes in the amount of capital in the industry can result in significant changes to the pricing, policy terms and demand for our catastrophe reinsurance products over a relatively short period of time. In addition, changes in state-sponsored catastrophe funds, or residual markets, which have generally grown dramatically in recent years, or the implementation of new government-subsidized or sponsored programs, can dramatically alter market conditions. We believe that the overall trend of increased frequency and severity of tropical cyclones

experienced in recent years may continue for the foreseeable future. Increased understanding of the potential increase in frequency and severity of storms may contribute to increased demand for protection in respect of coastal risks which could impact pricing and terms and conditions in coastal areas over time. Overall, we expect higher property loss cost trends, driven by increased severity and by the potential for increased frequency, to continue in the future. At the same time, certain markets we target continue to be impacted by fundamental weakness experienced by primary insurers, due to ongoing economic weakness and, in many cases, inadequate primary insurance rate levels, including without limitation insurers operating on an admitted basis in Florida. These conditions, which occurred in a period characterized by relatively low insured catastrophic losses for these respective regions, have contributed to certain publicly announced instances of insolvency, regulatory supervision and other regulatory actions, and have weakened the ability of certain carriers to invest in reinsurance and other protections for coming periods, and in some cases to meet their existing premium obligations. It is possible that these dynamics will continue in future periods.

In addition, we continue to explore potential strategic transactions or investments, and other opportunities, from time to time that are presented to us or that we originate. In evaluating these potential investments and opportunities, we seek to improve the portfolio optimization of our business as a whole, to enhance our strategy, to achieve an attractive estimated return on equity in respect of investments, to develop or capitalize on a competitive advantage, and to source business opportunities that will not detract from our core operations. Our efforts to explore strategic transactions may not result in positive gains, or may not yield material contributions to our financial results or book value growth over time. Alternatively, strategic investments in which we engage to improve the optimization of our business, focus our operations on core or scalable business, or position us for future opportunities, may fail to be successfully executed, pose more operational risk than we estimate or otherwise not yield the financial or strategic benefits we seek.

Legislative and Regulatory Update

In August 2012, Congressman Albio Sires introduced the Taxpayers' Protection Act (HR 6477). The bill would establish a federal catastrophe fund where eligible states can purchase reinsurance directly from the federal government. In January 2013, Congresswoman Frederica Wilson introduced the Homeowners' Defense Act which would, if enacted, provide for the creation of (i) a federal reinsurance catastrophe fund; (ii) a federal consortium to facilitate qualifying state residual markets and catastrophe funds in securing reinsurance; and (iii) a federal bond guarantee program for state catastrophe funds in qualifying state residual markets. In January 2013, Congressman Dennis Ross introduced the Homeowners' Insurance Protection Act (HR 240). The bill would create a federal catastrophe reinsurance program to back up state insurance or reinsurance programs.

If enacted, any of these bills, or legislation similar to these proposals, would, we believe, likely contribute to the growth of state entities offering below market priced insurance and reinsurance in a manner adverse to us and market participants more generally. While none of this legislation has been enacted to date, and although we believe such legislation will continue to be vigorously opposed, if adopted these bills would likely diminish the role of private market catastrophe reinsurers and could adversely impact our financial results, perhaps materially.

In June 2012, Congress passed the Biggert-Waters Flood Insurance Reform and Modernization Act of 2012 ("Biggert-Waters"), which provided for a five-year renewal of the National Flood Insurance Program (the "NFIP") and effected substantial reforms in the program. The NFIP had not been subject to a long-term renewal since 2004. Among other things, pursuant to this statute, the Federal Emergency Management Agency ("FEMA") is explicitly authorized to carry out initiatives to determine the capacity of private insurers, reinsurers, and financial markets to assume a greater portion of the flood risk exposure in the U.S., and to assess the capacity of the private reinsurance market to assume some of the program's risk. The bill requires FEMA to submit a report on this assessment within six months of enactment. The bill also increased the annual limitation on program premium increases from 10% to 20% of the average of the risk premium rates for certain properties concerned; established a four-year phase-in, after the first year, in annual 20% increments, of full actuarial rates for a newly mapped risk premium rate area; instructed FEMA to establish new flood insurance rate maps; allowed multi-family properties to purchase NFIP policies; and introduced minimum deductibles for flood claims. We believe that these reforms could increase the role of private risk-bearing capital in respect of U.S. flood perils, perhaps significantly. However, recent legislation has been introduced to roll-back, or delay, various of the reforms reflected in the Biggert-Waters legislation, including proposed legislation from Representative Waters to impose a four-year delay in most rate reforms

110

required by the enacted version of the Biggert-Waters bill, and to require FEMA, which administers the flood program, to complete an affordability study and propose regulations that address affordability issues. It is possible that these provisions, or broader alternatives, will be adopted by Congress and adversely impact the stability of the NFIP, the primary insurers that produce policies for the NFIP or offer private coverages, or the communities they serve. Accordingly, we cannot assure you that the Biggert-Waters bill will be implemented or that, if implemented, it will materially benefit private carriers, or that we will succeed in participating in any positive market developments that may transpire.

In 2007, the State of Florida enacted legislation to expand the Florida Hurricane Catastrophe Fund's (the "FHCF") provision of below-market rate reinsurance to up to $28.0 billion per season (the "2007 Florida Bill"). In May of 2009, the Florida legislature enacted Bill No. CS/HB 1495 (the "2009 Bill"), which will gradually phase out $12.0 billion in optional reinsurance coverage under the FHCF over the succeeding five years. The 2009 Bill similarly allows the state-sponsored property insurer, Citizens Property Insurance Corporation ("Citizens"), to raise its rates by up to 10% starting in 2010 and every year thereafter, until such time that it has sufficient funds to pay its claims and expenses. The rate increases and cut back on coverage by the FHCF and Citizens are expected to support, over time, a relatively increased role of the private insurers in Florida, a market in which we have established substantial market share.

In May 2011, the Florida legislature passed Florida Senate bill 408 ("SB 408"), relating principally to property insurance. Among other things, SB 408 requires an increase in minimum capital and surplus for newly licensed Florida domestic insurers from $5.0 million to $15.0 million; institutes a three-year claims filing deadline for new and reopened claims from the date of a hurricane or windstorm; allows an insurer to offer coverage where replacement cost value is paid, but initial payment is limited to actual cash value; allows admitted insurers to seek rate increases up to 15% to adjust for third party reinsurance costs; and institutes a range of reforms relating to various matters that have increased the costs of insuring sinkholes in Florida. While we believe SB 408 should contribute over time to stabilization of the Florida market, legislation intended to further reform and stabilize Citizens was not passed in the 2011 or 2012 legislative sessions and is uncertain in 2013.

We believe the 2007 Florida Bill caused a substantial decline in the private reinsurance and insurance markets in and relating to Florida, and contributed to the ongoing instability in the Florida primary insurance market, where many insurers have reported substantial and continuing losses from 2009 through 2012, an unusually low period for catastrophe losses in the state. Because of our position as one of the largest providers of catastrophe-exposed coverage, both on a global basis and in respect of the Florida market, the 2007 Florida Bill and the weakened financial position of Florida insurers may have a disproportionate adverse impact on us compared to other reinsurance market participants. The advent of a large windstorm, or of multiple smaller storms, could challenge the assessment-based claims paying capacity of Citizens and the FHCF. In October 2012, the FHCF Advisory Council approved official bonding capacity estimates in respect of the current contract year, reflecting the amount of post-catastrophe bonding currently estimated to be achievable by the FHCF's management and lead financial advisor. The FHCF projected a 2012 year-end fund balance of approximately $8.5 billion, and a total bonding capacity estimate of $7.0 billion; given the FHCF's total potential claims-paying obligation of $17.0 billion, this estimated claims-paying capacity of approximately $15.5 billion was therefore estimated by the FHCF's lead adviser to reflect a potential shortfall of $1.5 billion in respect of an initial season or event. Any inability, or delay, in the claims paying ability of these entities or of private market participants could further weaken or destabilize the Florida market, potentially giving rise to an unpredictable range of adverse impacts. The FHCF and the Florida Office of Insurance Regulation (the "OIR") have each estimated that even partial failure, or deferral, of the FHCF's ability to pay claims in full could substantially weaken numerous private insurers, with the OIR having estimated that a 25% shortfall in the FHCF's claims-paying capacity could cause as many as 24 of the top 50 insurers in the state to have less than the statutory minimum surplus of $5.0 million, with such insurers representing approximately 35% of the market based on premium volume, or approximately 2.2 million policies. Adverse market, regulatory or legislative changes impacting Florida could affect our ability to sell certain of our products, to collect premiums we may be owed on policies we have already written, to renew business with our customers for future periods, or have other adverse impacts, some of which may be difficult to foresee, and could therefore have a material adverse effect on our operations.

In May 2013, the Florida Legislature adopted legislation comprising some modest reforms of Citizens. Among other things, the legislation, if enacted, would empower Citizens to create a so-called “clearinghouse” mechanism with the intent of facilitating the transfer to admitted private market carriers of residential policies that might otherwise be bound by or remain in Citizens. In addition the legislation provides for a reduction in the current structure value cap on eligibility for Citizens from $1.0 million to $0.7 million over three years; and prohibits Citizens from insuring new structures located seaward of the coastal construction control line and in the broader federal Coastal Barrier Resources system. While incremental, we believe these reforms, if enacted, would marginally strengthen the fiscal position of Citizens and increase private market demand moderately over time. However, we cannot assure you that this legislation will indeed be fully enacted into law, that the measures contemplated thereby will be acted on, that any market improvements will accrue, or that we will benefit from the reforms.

The “clearinghouse” mechanism contemplated by the May 2013 legislation is scheduled to commence operation on January 1, 2014. If implemented timely, existing customers of Citizens may be renewed by a private insurance carrier approved by the state if that company offers comparable coverage at equal or less cost than the Citizens renewal rate. Proposed new customers of Citizens may be directed via the mechanism of the clearinghouse to an eligible private carrier if that company’s estimate for comparable coverage is within 15% of a quote for a Citizens policy. The OIR has announced that several carriers will be eligible to participate in the “clearinghouse” mechanism, and officials of Citizens have commented in public that implementation remains on track. If successfully implemented, it is possible that the “clearinghouse” mechanism will contribute incrementally to increased private market demand over time. However, it is possible the “clearinghouse” mechanism will not commence on schedule; that it will not be implemented successfully; that participating carriers may not choose to cede risk to reinsurers in general or to the Company in particular; or that any growth attributable to the “clearinghouse” mechanism will be offset by other changes returning risk to the state public sector.

In October 2013, Florida Senator Jeremy Ring filed a prospective bill for the 2014 legislative session, S.B. 228, which would reduce the retention of the FHCF from its current $7.2 billion level to $5 billion; mandate a perpetual overall per event capacity level of $17 billion, the current level, obviating the possibility of future capacity reductions; and delete current statutory provisions which limit the obligation of the FHCF to amounts it can afford to pay. The bill also would require the FHCF to obtain a line of credit to cover projected receipts from a minimum of three years of post-event bonding without providing for a funding source for the line of credit. If enacted, S.B. 228 could destabilize private carriers participating in the market, lead to a range of market dislocations, and reduce private market demand.

Internationally, in the wake of the large natural catastrophes in 2011 a number of proposals have been introduced to alter the financing of natural catastrophes in several of the markets in which we operate. For example, the Thailand government has announced it is studying proposals for a natural catastrophe fund, under which the government would provide coverage for natural disasters in excess of an industry retention and below a certain limit, after which private reinsurers would continue to participate. The government of the Philippines has announced that it is considering similar proposals. A range of proposals from varying stakeholders have been reported to have been made to alter the current regimes for insuring flood risk in the U.K. and Australia and earthquake risk in New Zealand. If these proposals are enacted and reduce market opportunities for our clients or for the reinsurance industry, we could be adversely impacted.

Over the past few years the U.S. Congress has considered legislation which, if passed, would deny U.S. insurers and reinsurers the deduction for reinsurance placed with non-U.S. affiliates. In early 2013, as well as the immediate few prior years, the Obama administration included a formal proposal for such a provision in its budget proposal. As described in the administration's 2013 budget request, the proposal would deny an insurance company a deduction for premiums and other amounts paid to affiliated foreign companies with respect to reinsurance of property and casualty risks to the extent that the foreign reinsurer (or its parent company) is not subject to U.S. income tax with respect to the premiums received; and would exclude from the insurance company's income (in the same proportion in which the premium deduction was denied) any return premiums, ceding commissions, reinsurance recovered, or other amounts received with respect to reinsurance policies for which a premium deduction is wholly or partially denied. We believe that the passage of such legislation could adversely affect the reinsurance market broadly and potentially impact our own current or future operations in particular.

On February 11, 2013, U.S. Senators Carl Levin and Sheldon Whitehouse introduced legislation in the U.S. Senate entitled the "Cut Unjustified Tax Loopholes Act". Similar legislation was also proposed earlier in 2013 as well as in

2012, 2011 and 2010. If enacted, this legislation would, among other things, cause to be treated as a U.S. corporation for U.S. tax purposes generally, certain corporate entities if the "management

112

and control" of such a corporation is, directly or indirectly, treated as occurring primarily within the U.S. The proposed legislation provides that a corporation will be so treated if substantially all of the executive officers and senior management of the corporation who exercise day-to-day responsibility for making decisions involving strategic, financial, and operational policies of the corporation are located primarily within the U.S. To date, this legislation has not been approved by either the House of Representatives or the Senate. However, we can provide no assurance that this legislation or similar legislation will not ultimately be adopted. While we do not believe that the legislation would negatively impact us, it is possible that an adopted bill would include additional or expanded provisions which could negatively impact us, or that the interpretation or enforcement of the current proposal, if enacted, would be more expansive or adverse than we currently estimate.

On July 24, 2013, the New York State Department of Financial Services (the "DFS") issued an Insurance Circular Letter No. 6 (2013) (the "Circular") to all Accredited Reinsurers writing business in New York State. Renaissance Reinsurance and DaVinci are Accredited Reinsurers in New York. As described in the Circular, the DFS is seeking information concerning Accredited Reinsurers' compliance with the Iran Freedom and Counter-Proliferation Act of 2012 ("IFCPA"), which was passed by the U.S. Congress in 2012 and which became effective on July 1, 2013. The Accredited Reinsurers to whom the Circular applies do business in New York and are all based outside the United States. The DFS is responsible for the regulation of insurers doing business in New York State. We intend to cooperate with the DFS in their request for information in this regard. We believe our existing risk-based compliance program is responsive to IFCPA and we are not aware of any non-compliance with IFCPA. While we believe that this request for information by the DFS will not have a material adverse impact on our operations, it is possible that our industry could see increased scrutiny and perhaps additional enforcement of sanction laws and regulations. We cannot assure you that increased enforcement of sanction laws and regulations will not impact our business more adversely than we currently estimate.

NOTE ON FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as "may", "should", "estimate", "expect", "anticipate", "intends", "believe", "predict", "potential", or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, reserves, market conditions, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- we are exposed to significant losses from catastrophic events and other exposures that we cover, which we expect to cause significant volatility in our financial results from time to time;
- the frequency and severity of catastrophic events or other events which we cover could exceed our estimates and cause losses greater than we expect;
- the inherent uncertainties in our reserving process, particularly as regards to large catastrophic events and longer tail casualty lines, which uncertainties could increase as the product classes we offer evolve over time;

- the risk of the lowering or loss of any of the financial strength, claims paying or enterprise wide risk management ratings of RenaissanceRe or of one or more of our subsidiaries or changes in the policies or practices of the rating agencies;
- risks associated with appropriately modeling, pricing for, and contractually addressing new or potential factors in loss emergence, such as the trend toward potentially significant global warming and other aspects of climate change which have the potential to adversely affect our business, any of which could cause us to underestimate our exposures and potentially adversely impact our financial results;
- risks due to our increasing reliance on a small and decreasing number of insurance and reinsurance brokers for the preponderance of our revenue;
- the risk that our customers may fail to make premium payments due to us (a risk that we believe has increased in certain of our key markets), as well as the risk of failures of our reinsurers, brokers or other counterparties to honor their obligations to us, including as regards to large catastrophic events, and also including their obligations to make third party payments for which we might be liable;
- a contention by the U.S. Internal Revenue Service that Renaissance Reinsurance, or any of our other Bermuda subsidiaries, is subject to U.S. taxation;
- risks associated with implementing our business strategies and initiatives, including risks related to developing or enhancing the operations, controls and other infrastructure necessary in respect of our more recent, new or proposed initiatives, and the risk that we may fail to succeed in our business or financing plans for these initiatives;
- risks relating to operating in a highly competitive environment, which we expect to continue to increase over time from new competition from traditional and non-traditional participants, particularly as capital markets products provide alternatives and replacements for more traditional reinsurance and insurance products, as new entrants or existing competitors attempt to replicate our business model, and as a result of consolidation in the (re)insurance industry;
- risks relating to adverse legislative developments that could reduce the size of the private markets we serve, or impede their future growth, including proposals to shift U.S. catastrophe risks to federal mechanisms; similar proposals at the state level in the U.S., including the risk of new legislation in Florida to expand the reinsurance coverage offered by the FHCF and the insurance policies written by Citizens, or failing to implement reforms to reduce such coverage; and the risk that new legislation will be enacted in the international markets we serve which might reduce market opportunities in the private sector, weaken our customers or otherwise adversely impact us;
- risks relating to the inability, or delay, in the claims paying ability of Citizens, FHCF or of private market participants in Florida, particularly following a large windstorm or of multiple smaller storms, which we believe would further weaken or destabilize the Florida market and give rise to an unpredictable range of impacts which might be adverse to us, perhaps materially so;
- the risk of potential challenges to the claim of exemption from insurance regulation of RenaissanceRe and certain of our subsidiaries under certain current laws and the risk of increased global regulation of the insurance and reinsurance industry;
- the passage of federal or state legislation subjecting Renaissance Reinsurance or our other Bermuda subsidiaries to supervision, regulation or taxation in the U.S. or other jurisdictions in which we operate, or increasing the taxation of business ceded to us;
- risks associated with potential for loss of services of any one of our key senior officers, the risk that we fail to attract or retain the executives and employees necessary to manage our business, or difficulties associated with the transition of members of our senior management team for new or expanded roles necessary to execute our strategic and tactical plans, including in connection with the senior management transition we announced during the second quarter of 2013;
- the risk that there could be regulatory or legislative changes adversely impacting us, as a Bermuda-based company, relative to our competitors, or actions taken by multinational organizations having such an impact;

- risks associated with highly subjective judgments, such as valuing our more illiquid assets, and determining the impairments taken on our investments, all of which impact our reported financial position and operating results;
- risks associated with our investment portfolio, including the risk that our investment assets may fail to yield attractive or even positive results; and the risk that investment managers may breach our investment guidelines, or the inability of such guidelines to mitigate risks arising out of the ongoing period of relative economic weakness;
- risks associated with inflation, which could cause loss costs to increase, and impact the performance of our investment portfolio, thereby adversely impacting our financial position or operating results;
- the risk we might be bound to policyholder obligations beyond our underwriting intent, or unable to enforce our own intent in respect of retrocessional arrangements, including in each case due to emerging claims and coverage issues;
- risks associated with counterparty credit risk, including with respect to reinsurance brokers, customers, agents, retrocessionaires, indemnitors, guarantors, capital providers and/or parties associated with our investment portfolio, and premiums and other receivables owed to us, which risks we believe continue to be heightened as a result of the ongoing period of relative economic weakness;
- risks associated with our retrocessional reinsurance protection, including the risks that the coverages and protections we seek may become unavailable or only available on unfavorable terms; that the forms of retrocessional protection available in the market on acceptable terms may give rise to more basis risk in our net portfolio than we find desirable or that we correctly identify, or that we are otherwise unable to cede our own assumed risk to third parties; and that providers of protection do not meet their obligations to us or do not do so on a timely basis;
- the risk that ongoing or future industry regulatory developments will disrupt our business, or that of our business partners, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- acts of terrorism, war or political unrest;
- changes in insurance regulations in the U.S. or other jurisdictions in which we operate, including risks arising out of the Wall Street Reform and Consumer Protection Act of 2010 or its related rule making or implementation;
- risks that the advent of the new U.S. Federal Insurance Office or other related developments may adversely impact our business, or significantly increase our operating costs;
- operational risks, including system or human failures;
- risks in connection with our management of third party capital;
- changes in economic conditions, including interest rate, currency, equity and credit conditions which could affect our investment portfolio or declines in our investment returns for other reasons which could reduce our profitability and hinder our ability to pay claims promptly in accordance with our strategy, which risks we believe are currently enhanced in light of the current uncertainty regarding U.S. fiscal policy and the ongoing period of relative economic weakness, both globally, particularly in respect of Eurozone countries and companies, and in the U.S.;
- risks relating to our potential failure to comply with covenants in our debt agreements;
- risks relating to the inability of our operating subsidiaries to declare and pay dividends to RenaissanceRe;
- risks that we may require additional capital in the future, particularly after a catastrophic event or to support potential growth opportunities in our business, which may not be available or may be available only on unfavorable terms;
- risks that certain of our new or potentially expanding business lines could have a significant negative impact on our financial results or cause significant volatility in our results for any particular period;

- risks arising out of possible changes in the distribution or placement of risks due to increased consolidation of customers or insurance and reinsurance brokers, or from potential changes in their business practices which may be required by future regulatory changes; and
- risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to our financial results, including but not limited to, the European Union directive concerning capital adequacy, risk management and regulatory reporting for insurers.

The factors listed above should not be construed as exhaustive. Certain of these risk factors and others are described in more detail from time to time in our filings with the SEC. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are principally exposed to four types of market risk: interest rate risk; foreign currency risk; credit risk; and equity price risk. The Company’s investment guidelines permit, subject to approval, investments in derivative instruments such as futures, options, foreign currency forward contracts and swap agreements, which may be used to assume risks or for hedging purposes. See the Company’s Form 10-K for the fiscal year ended December 31, 2012 for additional information related to the Company’s exposure to these risks. Other than as discussed below with respect to the Company's exposure to energy and weather-related risk, there have been no material changes to the Company's exposure to interest rate risk, foreign currency risk, credit risk and equity price risk.

During the third quarter of 2013, we made the strategic decision to divest of REAL, our U.S.-based weather and weather-related energy risk management unit, in order to focus on the business encompassed within the Company's Reinsurance and Lloyd's segments and its other businesses. REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions.

On August 30, 2013, we entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, we closed the sale. As a result of the sale, the Company will no longer be exposed to energy and weather-related risk via the derivative-based risk management products and hedging and trading activities related to those transactions entered into by REAL.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Internal Controls: We have designed various disclosure controls and procedures (as defined in Rules 13a-15(e) and Rule 15d-15(e) under the Exchange Act), to help ensure that information required to be disclosed in our periodic Exchange Act reports, such as this quarterly report, is recorded, processed, summarized and reported on a timely and accurate basis. Our disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our senior management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Limitations on the Effectiveness of Controls: Our Board of Directors and management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. Controls, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls are met. Further, we believe that the design of prudent controls must reflect appropriate resource constraints, such that the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all controls, there can be no absolute assurance that all control issues and instances of fraud, if any, applicable to us have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some individuals, by collusion of more than one person, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Evaluation: An evaluation was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based upon that evaluation, the Company's management, including our Chief Executive Officer and Chief Financial Officer, concluded that, at September 30, 2013, the Company's disclosure controls and procedures were effective at the reasonable assurance level in ensuring that information required to be disclosed in Company reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company's internal control over financial reporting during the three months ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material changes from the legal proceedings previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

We and our subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory actions or disputes arising from our business ventures. Our operating subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages. Generally, our direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than our reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, involving claims on policies issued by our subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its loss and loss expense reserves which are discussed in its loss reserves discussion. In addition, we may from time to time engage in litigation or arbitration related to claims for payment in respect of ceded reinsurance, including disputes that challenge our ability to enforce our underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to us or not doing so on a timely basis. We may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, we believe that no individual litigation or arbitration to which we are presently a party is likely to have a material adverse effect on our financial condition, business or operations.

ITEM 1A. RISK FACTORS

Other than as discussed below, there are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

During the third quarter of 2013, we made the strategic decision to divest of REAL, our U.S.-based weather and weather-related energy risk management unit, in order to focus on the business encompassed within the Company's Reinsurance and Lloyd's segments and its other businesses. REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions.

On August 30, 2013, we entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, we closed the sale. As a result of the sale, the Company will no longer be exposed to the risks and uncertainties related to the weather and weather-related energy risk management operations of REAL, including, but not limited to derivative-based risk management products and hedging and trading activities related to those transactions entered into by REAL.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company’s share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On August 8, 2013, the Company approved a renewal of its authorized share repurchase program for an aggregate amount of $500.0 million. Unless terminated earlier by resolution of the Company’s Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The table below details the repurchases that were made under the program during the three months ended September 30, 2013, and also includes other shares purchased which represents withholdings from employees surrendered in respect of withholding tax obligations on the vesting of restricted stock, or in lieu of cash payments for the exercise price of employee stock options.

	Total shares purchased		Other shares purchased		Shares purchased under repurchase program		Dollar amount still available under repurchase program (in millions)
	Shares purchased	Average price per share	Shares purchased	Average price per share	Shares purchased	Average price per share	
Beginning dollar amount available to be repurchased							$ 489.3
July 1 -31, 2013	—	$—	—	$—	—	$—	—
August 1 - 8, 2013	100,480	$ 84.43	3,804	$ 86.39	96,676	$ 84.35	(8.2)
August 8, 2013 - renewal of authorized share repurchase program of $500.0 million							18.9
Dollar amount available to be repurchased							500.0
August 9 - 31, 2013	127,412	$ 84.45	—	$—	127,412	$ 84.45	(10.8)
September 1 - 30, 2013	—	$—	—	$—	—	$—	—
Total	227,892	$ 84.44	3,804	$ 86.39	224,088	$ 84.41	$ 489.2

In the future, the Company may adopt additional trading plans or authorize purchase activities under the remaining authorization, which the Board may increase in the future. During the nine months ended September 30, 2013, the Company repurchased approximately 1.7 million common shares in open market transactions at an aggregate cost of $140.9 million and at an average share price of $81.85. Subsequent to September 30, 2013 and through the period ended November 4, 2013, the Company has not repurchased any additional common shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	Amendment to Facility Letter, dated October 1, 2013, by and among Citibank Europe plc, Renaissance Reinsurance Ltd., DaVinci Reinsurance Ltd., RenaissanceRe Specialty Risks Ltd., Renaissance Reinsurance of Europe and RenaissanceRe Specialty U.S. Ltd. (1)
10.2	Form of the Amended and Restated Employment Agreement for Named Executive Officers (other than our Chief Executive Officer). (2)
10.3	Amendment No. 6 to the RenaissanceRe Holdings Ltd. 2001 Stock Incentive Plan.
10.4	Employment Agreement, dated October 23, 2013, by and between RenaissanceRe Holdings Ltd. and Jeffrey D. Kelly.
31.1	Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Jeffrey D. Kelly, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Jeffrey D. Kelly, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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(1) Incorporated by reference to RenaissanceRe Holdings Ltd.'s Current Report on Form 8-K, filed with the Commission on October 4, 2013.

(2) Incorporated by reference to RenaissanceRe Holdings Ltd.'s Current Report on Form 8-K, filed with the Commission on October 24, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

RENAISSANCERE HOLDINGS LTD.

Signature	Title	Date
/s/ Jeffrey D. Kelly Jeffrey D. Kelly	Executive Vice President, Chief Financial Officer	November 6, 2013
/s/ Mark A. Wilcox Mark A. Wilcox	Senior Vice President, Corporate Controller and Chief Accounting Officer	November 6, 2013